



## **Brand Management in SMEs:**

### **A New Customer Brand Engagement Framework. The Case of Beauti Portugal**

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## **Bibliographic Note**

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During his academic path, he performed in some internships to improve his skills and endurance his knowledge. The companies, BBVA Portugal, Mojobrands and Beauti Portugal were a result of the good academic record achieved.

This master thesis represents the (temporary) end of eighteen years of scholar studies.

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## **Abstract**

Nowadays, effective brand management is regarded as a valuable source of competitive advantage. Brand researchers and practitioners acknowledge that brands have the power to create emotional relationships between customers and enterprises, as well as, play a crucial role in business customer's decisions. Moreover, it is known that brands can sometimes reflect the strategic vision of a firm. The aim of this project is to capture the creation of an identity for a new brand and to create a framework for better manage customer brand engagement in social media. It is the first study, to the best of this author's knowledge, to create a framework which allows managers better handling their social media strategy regarding engagement. This study offers suggestions for managers seeking to enhance brand engagement through social media, embracing all channels and suggesting practices for effective social media management. The object of study on this dissertation is Beauti Portugal. Beauti is a Small-Medium Enterprise (SME) technologic software product provider that is currently in the first steps of building its own brand. Additionally, it presents also some theoretical implications. This study contributes to the lack of studies regarding brand management in SMEs, found by Krake (2005), Wong and Merrilees (2005) and Merrilees (2007), and more particularly, it addresses Ojasalo's *et al.* (2008) gap regarding the few literature research about brand management in software SMEs. Moreover, it provides some understanding of customer brand engagement evidenced through social media, which, according to Wallace et al., (2014) continues to present challenges.

**Key-words:** Brand Management, Beauti Portugal, SME's, Brand Identity, Customer Brand Engagement

**JEL-Codes:** M13, M15, M31, M37

## **Resumo**

Nos dias de hoje, uma gestão da marca eficaz é considerada uma valiosa fonte de vantagem competitiva. Investigadores e profissionais da marca reconhecem que as marcas detêm o poder de criar relações emocionais entre clientes e empresas, assim como desempenham um papel crucial na tomada de decisão do cliente. Além disso, sabe-se que as marcas refletem, por vezes, a visão estratégica de uma empresa. O objetivo deste projeto é capturar a criação da identidade de uma nova marca e criar um framework para melhor gerir o envolvimento da marca com o cliente nas redes sociais. É o primeiro estudo, para o melhor conhecimento deste autor, que cria um framework de apoio à gestão, permitindo um planeamento mais eficaz na sua estratégia de redes sociais, concretamente no que respeita ao envolvimento da marca com o cliente. Este estudo oferece sugestões para os gestores que procuram um melhor envolvimento da marca com o cliente através das redes sociais. O objeto de estudo desta dissertação é a Beauti Portugal. Beauti é uma Pequena-Média Empresa (PME) fornecedora de produtos de software tecnológico que está atualmente nos primeiros passos da construção de sua própria marca. Além disso, este estudo também apresenta algumas implicações teóricas. Contribui para a falta de investigação sobre a gestão da marca nas PME, encontrado por Krake (2005), Wong e Merrilees (2005) e Merrilees (2007) e, mais particularmente, aborda a lacuna encontrada por Ojasalo *et al.* (2008) em relação a bibliografia sobre gestão da marca nas PME de software. Adicionalmente, fornece alguma compreensão do envolvimento da marca-cliente evidenciado através das redes sociais, que, de acordo com Wallace *et al.*, (2014) continua a apresentar desafios.

**Palavras-chave:** Gestão da Marca, Beauti Portugal, PME, Identidade da Marca, Envolvimento Marca-Cliente

**Códigos-JEL:** M13, M15, M31, M37

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## 1. Introduction

“Today branding is such a strong force that hardly anything goes unbranded”. (Kotler and Keller, 2011, p.261). Brand management recently acquired an important status as a source of competitive advantage and plays a major role in marketing strategies (Keller, 2003). A brand is more than a symbol, a logo, a name and a jingle. It is an intangible asset that creates emotional relationships among users and one of the company’s most valuable assets (Fournier, 1998; Davis, 2002). In fact, brands provide value to the customer and are often considered in the customer’s buying process with substantial relevance (Kapferer, 2008). Furthermore, they are also value generators to all stakeholders and produce benefits internally in the firm (i.e. the role of the staff) (Chernatony, 2010). Managing brands implies also building it strongly, since it produces a number of marketing advantages, enabling companies to be distinguished from competitors (Hoeffler and Keller, 2002). The principal focus of branding is to build successful brands that can be distinguished from the competitor, be admired, establish a relationship with target customers and, if possible, engage them through loyalty (Aaker, 1996; Keller, 2003). For those reasons, the strategic management of the brand is highly aligned with the long term strategy of a firm, if not, reflecting the whole strategic vision of the company. (Kapferer, 2008; Aaker and McLoughlin, 2010).

Ojasalo *et al* (2008) found a considerable gap in literature stating that the focus is always brands, software business and SMEs, but very little is known about branding in SMEs, especially in the software business. Branding in SME’s is relatively new and is always obfuscated by daily tasks, as Krake (2005) highlights. Notwithstanding, 95 to 99 percent of all business belong to the small and medium sized enterprises group worldwide. (OECD, 2005; cited by Spence and Essoussi, 2010).

The consideration of brand-consumer relationships is fast infiltrating the branding vernacular (Patterson and O’Malley, 2006). It is directly related to the brand image which in turn provides concrete assistance to brand management programmes in terms of predicting consumer behavior (Patterson and O’Malley, 2006). Customer brand engagement acknowledges the cognitive, emotional and behavioral dimensions of those relationships (Brodie *et al.*, 2011; Hollebeek, 2011; Gambetti *et al.*, 2012). On the other hand, social media affect brand management because consumers have become pivotal

authors of brand stories (Gensler *et al.*, 2013). Thus, social media with its ability to facilitate relationships may help realize the promise of the marketing concept, market orientation, and relationship marketing by providing the tools to better satisfy customers and build customer engagement (Sashi, 2012). Additionally, tactics and engagement are top areas marketers want to master (89% of the marketers want to know the most effective social tactics and the best ways to engage their audience with social media), (Stelzner, 2014).

Not less important, as a brand's social network now consists of many voluntary connections from consumers, the authenticity of a brand's social identity is affected. At the same time it adds complexity to the management of brand identity (Naylor *et al.*, 2012; cited in Gensler *et al.*, 2013).

The aim of this project is to capture the creation of an identity for a new brand and to create a framework for better manage customer brand engagement in social media. It is the first study, to the best of this author's knowledge, to create a framework which allows managers better handling their social media strategy regarding engagement. This study offers suggestions for managers seeking to enhance brand engagement through social media, embracing all channels and suggesting practices for effective social media management. The object of study on this dissertation is Beauti Portugal. Beauti is a Small-Medium Enterprise (SME) technologic software product provider that is currently in the first steps of building its own brand.

Besides, it also presents some theoretical implications. This study contributes to the lack of studies regarding brand management in SMEs, found by Krake (2005), Wong and Merrilees (2005) and Merrilees (2007), and more particularly, it addresses Ojasalo's *et al.* (2008) gap regarding the few existing literature about brand management in software SMEs. Moreover, it provides some understanding of customer brand engagement evidenced through social media, which, according to Wallace *et al.*, (2014) continues to present challenges.

Therefore, the challenge of this project lies in investigate these three research questions:

*Q1: How is Beauti Portugal brand being managed?*

*Q2: How to develop an identity for a new brand?*

*Q3: How can Beauti.pt best manage and increase customer brand engagement?*

This project has three stages of development in which, the methodology of a case study was followed. Data was collected from Beauti's internal documents (reports, agendas and meetings), archival documents (online databases), informal interviews with different levels of staff and direct participation and observation.

In order to achieve the purpose of this research this essay will be structured as follow. In the next section will be presented the literature review. First it will be mentioned the main concepts and definitions inside the field of Brand Management in SME's (Section 2.1). Sequentially it will be exposed the main theories, models and frameworks in the Brand Identity field (Section 2.2). Successively, a brief introduction and explanation about Customer Brand Engagement, a central concept of the dissertation, will be presented (Section 3). Ending the literature review, some stats about social media in general and content marketing are exposed (Section 3.4 and 3.5). In Section 4 it will be explained the methodological aspects of the dissertation with special attention to the analysis of Beauti Portugal (Section 5). The results and discussion of this project can be found on Section 6 where the three phases of the project (Brand Management in Beauti, Beauti's Brand Identity and the CBE framework) provide an answer to the three research questions proposed above (Section 6.1, 6.2 and 6.3). Concluding this dissertation follows the presentation of the Conclusions and Limitations of the Study (Section 7.1 and Section 7.2 respectively).

## **2. Brand Management: A Literature Review**

In this chapter the concepts and theories relevant for the brand management field with detail will be exposed. First, it is essential, to explore the brand management in SME's theories and findings which constitutes the first section of this chapter. Subsequently and related with the identity to create for Beauti, it is presented the main concepts and models of Brand Identity, essential to answer the first two research questions.

### **2.1.Brand Management in SMEs**

#### **2.1.1. Important Concepts and First Studies**

Despite the fact that there is not a universally standard definition of SMEs, the mainstream and more quoted one is provided by the European Commission, which considers as most determining factors the number of employees and either turnover or balance sheet total. The company categories are Mid-sized (if the number of employees is inferior to 250 and the turnover less than €50m), Small (less than 50 employees and a turnover not superior to €10m) and Micro (fewer than 10 employees and a turnover less or equal to €2m).

Brand Management alongside with branding in SMEs, is at a low level of consciousness for most new entrepreneurs and even existing SMEs businesses (Merrilees, 2007). It seems to be a generalized idea that researchers overlooked the study of brand management, brand building and branding in SMEs even though that a considerable number of academic and empirical studies have been directed toward entrepreneurship, SMEs and marketing communication in new ventures. (Abimbola, 2001; Krake, 2005; Wong and Merrilees, 2005; Merrilees, 2007; Berthon *et al.*, 2008; Spence and Essoussi, 2010; Bresciani and Eppler, 2010; Baumgarth, 2010; Roy and Banerjee, 2012; Asamoah, 2014). It is surprising since in most developed and developing economies, performance of small and medium sized companies is critical for economic and social development as these firms' types are effective in providing productive employment and earning opportunities. (Katz *et al.*, 2000; cited by Roy and Banerjee, 2012).

The first suggestions for building a strong brand in SMEs were addressed by Keller (2003), being the first author to have paid particular attention to this question: SMEs

should concentrate on building one or two strong brands and they should be driven by creatively developed marketing programs on one or two brand associations, to serve as the source of brand equity. According to Keller (2003) SMEs should focus on using a well-integrated mix of brand elements that support both brand awareness and brand image. They should also design a “push” campaign that targets to build the brand, and a creative “pull” campaign that will attract attention. Lastly, the author advocates that SMEs should also broaden the brand with as many secondary associations as possible.

Inspired by this suggestions provided by Keller and addressing the gap found in the literature, Krake (2005) gave some guidelines for the creation of a strong SME brand, discarding the brand building “push” and “pull” designed campaigns and the brand to be broaden with as many secondary associations as possible. Therefore, Krake’s guidelines to develop a strong SME brand are: Concentrate on building one (or two) strong brands; focus a creatively-developed marketing program on one or two important brand associations, to serve as the source of “brand equity”; use a well-integrated mix of brand elements that fully support both brand awareness and brand image; be logical in the policy and consistent in communications; ensure that there is a clear link between the character of the entrepreneur and that of the brand; to cultivate a passion for the brand within the company.

In this author’s vision, the owners or the directors are the ones to take the lead in branding because, the entrepreneur, as a person, can be of the most importance in acquiring recognition for a brand. Sometimes, the entrepreneur is the brand. However, the position of the entrepreneur and the possibilities available to him are rarely used. Co-Branding also receives little or no attention in SMEs (Krake, 2005). The creation of higher brand awareness is not often a conscientious goal when determining a company’s market budget. Entrepreneurs are proud of their products and want the brand to reflect not only “quality” but also an attractive, chic and distinguished design. Most of the SMEs are as well, product centered. Krake (2005) developed a *“funnel” model for the role of brand management in SMEs* that highlight the factors affecting the role of brand management in SMEs: Influence of the entrepreneur including passion, logic and personification of the brand; influence of the company structure, including awareness of brand management, objectives and possible marketing personnel; influence of the market including type of the product, state of the competition and market orientation. In Krake’s (2005) model, brand communication and marketing are strongly affected by

creativity in marketing and the available budget. Krake's (2005) study revealed that SMEs want to create brand recognition, but at the same time want to generate turnover, meaning that their focus must be on selling.

### **2.1.2. Branding in Small Medium Enterprises**

Wong and Merrilees (2005), driven by the Urde's (1999) definition of brand orientation, explored this concept applied to the Small Mid-Size Enterprises. They found that SMEs have a narrow interpretation of what branding is, being limited to the brand name and/or logo. Due to their limited promotional resources, they have to show directly to their customers what their value proposition is, by virtue of personal selling or face-to-face communications. SMEs believe in the branding power and demonstrate a certain level of interest in conducting branding activities if business grows. However, Wong and Merrilees' (2005) research compelled the same line of thought of Krake's (2005) report: SMEs devote most of their time to daily routine and business pitching. Wong and Merrilees (2005) advance that both SMEs and Large Organizations (LOs) apostles the idea of branding but the ways in which are carried out are different. Large Organizations opt for television, print advertising and large scales promotions that convey communication messages and help build brand image, whereas in SMEs not. Consequently, Wong and Merrilees (2005) also developed the branding-archetype ladder model. This model includes three ladders: *Minimalist Brand Orientation* – short-term focused based on day-to-day tasks or production approach, as opposed to marketing and brand orientation; *Embryonic Brand Orientation* – Awareness of competitive advantage and positioning but the brand seems to be more an implicit, optional part of what they do business, and not necessarily critical for business success; *Integrated Brand Orientation* - The brand is a more important and active part of the marketing strategy. It's not seen as an optional extra, but rather an integral part of the marketing strategy. Branding becomes the primary source for business. It is important to mention that those ladders are characterized by two dimensions: level of brand orientation and brand-marketing performance. Both Krake (2005) and Wong and Merrilees (2005) acknowledge that the main SMEs' problems face in development marketing activities are varied, and include a lack of financial resources, managerial skills, information and knowledge, technology, processes and structures.

Merrilees (2007) goes even deeper and investigates the branding in SMEs new venture development. Following the general entrepreneurial research in developing a new business venture, Merrilees's (2007) study proposes branding as an integrating tool for SME new venture development, because it can be a powerful, enabling force. The entrepreneur using public relations as marketing communication strategy can drive brand growth or brand protection, consistent with the emphasis on Krake (2005) and Wong and Merrilees (2005). Additionally, considerations of corporate identity, values and culture are worthwhile as early as possible, even at the pre-launch stage. These matters can be incorporated into the business model. Also in part, according to Merrilees (2007), branding ensures that brand equity is maximized by ensuring that the firm's brand is effectively and consistently communicated to all stakeholders, including customers, suppliers and financiers. Reputation building is a major activity of small business and is closely associated with network building. Brands and relationships go hand in hand.. Worth to mention, Merrilees (2007) does not say that branding is more important than innovation, opportunity recognition, acquiring capital, acquiring customers or acquiring suppliers. Rather, it stresses that branding offers a way of integrating the new venture development process. So when the new venture is established, a strong brand will help the small business in its dealings with suppliers.

### **2.1.3. SMEs and Large Organizations (LOs) Branding Practices**

Berthon *et al.* (2008) contends that even with constrained budgets, SME marketers can creatively manage and leverage the full potential of their brands, corroborating with Krake (2005) and Wong and Merrilees (2005). The research held by Berthon *et al.* (2008), suggests that an SME's approach to brand management differs from the practices adopted by LOs, which raises questions of how are, in fact managed brands in SMEs. It is proposed that SMEs and LOs will vary in the extent to which they implement key brand management practices (BMPs); BMPs differentiate high versus low-performing SMEs and LOs and High- and low-performing SMEs will differ in the extent to which they implement key BMPs. The concept of Brand Management Practices is derived from Keller's (2000) Brand Report Card and it was acknowledged that higher-performing SMEs place relatively more emphasis than low performing SMEs on brand benefits, relevancy, consistency, portfolio, activities, meaning and

support. The findings provide some empirical evidence of the importance of brand management to SMEs and lend support to the proposition that high-performing SMEs implement BMPs to a greater extent than their less successful counterparts. Besides, SMEs and LOs alike are both cognizant of the need to deliver relevant and desirable brands to consumers. Berthon *et al.* (2008), recognize that brand-focused SMEs are able to achieve a distinct performance advantage over rivals by essentially getting back to “branding basics”: meaning understands customers’ needs and brand perceptions, creating relevant and valued brands, supporting the brand consistently over time, effectively communicating the brand’s identity to internal and external stakeholders and creating brand architecture.

Bresciani and Eppler (2010) suggest that young companies should not be forced to compare their branding strategies to multinational firms (in line with Wong and Mirrelees (2005) and Berthon *et al.* (2008)) and propose a framework and key guidelines for start-up branding. Their focus is on understanding the perceived relevance of the brand concept by entrepreneurs, the brand creation process (i.e. brand strategy and design) and the brand building activities employed. They recognize and emphasize the importance of online branding in their approach. It’s identified that the firms have widely different approaches to online branding although digital branding can be a potentially very powerful tool for businesses with low budget (Bresciani and Eppler, 2010). The internet offers a vast number of innovative branding opportunities especially suitable for start-ups, due to their relatively low cost and wide reach (Bresciani and Eppler, 2010). However, it seems that most start-ups are still at the beginning of the online branding learning curve. Search engine optimization is a particularly important tool because it is free and it is argued to be the best online tool to connect with new clients (Chaffey and Smith, 2008; cited by Bresciani and Eppler, 2010), which is a crucial activity for start-ups. Internet advertising (Google AdWords, Yahoo! Search Marketing and affiliate programs) can offer a great return because it is a highly targeted form of advertising, but they can be expensive if they are not continuously monitored by competent staff (Bresciani and Eppler, 2010). Their observations regarding the absence of co-branding and partnerships are consistent previous findings in SMEs (Krake, 2005; Ojasalo et al., 2008). Some companies have developed more than one brand (i.e. a corporate brand and a product/service brand, or several product/service brands), and it is a conscious choice, similarly to what Krake



(2005) has found, and partially in contrast with Keller's (2003) theoretical guidelines. Bresciani and Eppler (2010) embrace the idea that new ventures should, contrary to large organizations, develop more creative, innovate and unconventional branding activities (Keller, 2003; Ojasalo et al., 2008), as for instance organize events, actively create positive word-of-mouth, and develop online branding campaigns. Furthermore the authors advise to entrepreneurship courses and curriculums to include startup-specific branding guidelines, which should focus more on low budget powerful branding tools, as PR, active creation of word of mouth (for example guerrilla marketing), personal networking and online branding strategies. They contradict Keller (2003), Krake (2005) and Merrilees (2007) by stating that diversifying the number of brands could actually reduce risks while creating new revenue streams and a more complete coverage of the market. Moreover, it can also address the problem found by Asamoah (2014) that the dominant marketing approach that has been used by SMEs over the years strongly focuses on product and price. Finally, the authors propose a framework to help entrepreneurs in decision making regarding branding: a brand creation sequence with the core elements of brand creation that all start-ups should consider, and second a branding orientation classification which portrays the major options for branding activities based on the specific industry expectation and the strategy of the company.

Spence and Essoussi (2010) accentuate the contrasts in brand management in SMEs and LOs even though that those SMEs that have mimicked LOs' practices in brand building and management have gained from it. Additionally, Spence and Essoussi (2010) show that founder's value and beliefs set the tone for the core competencies to be developed and transmitted through brand identity. Brands in SMEs are the continuation of the entrepreneur's vision, beliefs and values. Their creation and development are intrinsic rather than extrinsic. Consistent with the literature on SMEs and brand management (Krake, 2005), the original founders have instilled a passion for the brand to their family and staff and have perpetuated their values that ensured firms' longevity and brand reputation. Therefore, SMEs brand identity core values include specific associations linked to the founders' history and visions such as innovation and quality.

#### 2.1.4. Brand Building in Software SMEs

The research literature on branding of software products is very scarce (Osajalo *et al.*, 2008). Ulkuniemi and Helander (2005) examined marketing challenges in the special context of the software component business. They developed a model illustrating software component suppliers' business logic and related marketing management approaches. The model suggests that the business logic may either be in software products or software projects. According to their model, the role of branding is important in the software product business but not in the software project business.

Srivastava and Mookerjee's (2004) research report field deals with brand equity for banking business application software. The study found two major components of brand equity: Perceived value and trust. Perceived value is driven by performance indicators and tangibles, including: functionality; technological superiority; support and training; and flexibility to respond to future changes. Trust is driven by the credibility of the company that markets and/or develops the product, the reputation of the alliance partners, and the market acceptance of the product.

Rajala and Westerlund (2004) examined the assets and capabilities of software companies from the perspectives of business models and value-creating networks. They classified the business models of software companies in terms of two dimensions: degree of involvement in customer relationships and the level of homogeneity of offering. This resulted in four business models of software companies: *Tailored software project businesses*; *System solution businesses*; *Transactional services and semi-finished solutions businesses*; *Standard offering businesses*. Their empirical study found that brand is a key asset in the case of standard offering business. However, in other three software business models, brands were not found to be a key asset.

Ojasalo *et al.*, (2008) looked at the special characteristics of brand building in software SMEs. Five larger themes emerged from their empirical study: (i) *Goals and perceived benefits of brand building* – They suggest that brand building has a less systematic and minor role in the overall product development activity in the case of software SMEs and their products. They rely on the idea that competitive strength in the marketplace is mostly based on superior knowledge of IT and problem-solving capability in the particular application area. If there was a defined goal for the brand development, it stayed on a too general and vague level: for example, the brand should reflect product-

related characteristics like “trustworthiness”, “easy to use”, “well-known”, “profitable”, or a brand should create “a coherent image” for the company or communicate the “high quality” of the product. Often the SME’s own identity was not recognized or defined, or in fact did not exist. (ii) *Resources in brand building* – Brand building for software SMEs are perceived to be less important than technology development. It is usually perceived as a large- scale effort with massive investments. Although companies’ brand-building resources are limited, some companies are innovative in brand building process. (iii) *Internal and external cooperation in brand building* – Cooperative relationships with re-sellers have an important role in brand building. At the new product launch stage, cooperation or co-branding with bigger, trustworthy and known firms strengthens the brand and its trustworthiness. Companies often take care of the visual image and material production themselves. Concerning the internal cooperation, the decision related to branding is constructed by few managers and usually the personnel are not involved. Their lack of commitment and resistance to change are major challenges in brand building. Another major challenge is getting technology-oriented R&D personnel and marketing and management oriented personnel to co-operate. Additionally it is challenging to get personnel to maintain a consistent line in communication. (iv) *Means and communication in brand building* – Brand building is perceived to be the same as choosing the name and logo, and thus creating a visual image for the company. Further activities are seen to be too expensive considering the limited financial resources available. Many of the SMEs feel that for a small company it is not possible to build both a company brand and a product brand separately. Instead, the best choice is to use the company name as the product line’s “family name” and name the individual products by combining the “family name” (i.e. the company name) with a product-specific extension. However, based on the same reason of limited resources, some software SMEs have chosen a totally opposite strategy. They focus on building a product brand and the company image is to a large extent left in the shadows. Two main streams of communication content are mainly used by software SMEs, product feature-related communication and benefit-based communication, where the customer need is in focus instead of product-related factors. In addition, challenges were faced, especially in forming appropriate segmentation, and in creating and differentiating the message for different segments.

The need to maintain a certain level of “brand flexibility” was also recognized by Osajalo *et al.*, (2008). This means that the content of brand should not be too detailed (e.g. too bound to certain software features or too detailed by other means) because the operational environment is a dynamic one, and a strategy should be flexible, related to the changing technology and customer needs. Value-based brand building was seen to be a one helpful tool in this challenge. Brand-building activity often takes place at the end of the product development process, or even after the launch. Time pressures in the software development process challenge the synchronization of software development and brand-building processes, and the brand-building process easily becomes a secondary matter. If software product development starts with close cooperation with one or two B2B customers on a tailoring basis, branding tends to be totally omitted. In some rare cases, companies begin a conscious brand building from the beginning of the product development process, or even earlier. In such cases, synchronization of the product launch and brand communication is important. To conclude, Osajalo *et al.* (2008), recommend the use of creative, targeted and affordable approaches for branding supporting Krake’s (2005) findings. In the software business, for example, such approaches may include arranging seminars for topical issues (perhaps with a bigger trustworthy partner), building press relationships, using references, and web communications instead of expensive and large-scale PR programs.

## **2.2. Brand Identity**

### **2.2.1. Brand Identity Definitions**

Several brand marketing academics have contributed to the brand identity literature (Aaker, 1996; Aaker and Joachimsthaler, 2007; Kapferer, 2008, de Chernatony, 2010;). The first step in creating brand equity is to develop a brand identity (Aaker, 1996; Keller, 2003) that is achieved through a unique set of associations that a firm aspires to create or maintain (Aaker, 1996). Moreover, some researchers like (Madhavaram *et al.*, 2005; cited by Spence and Essoussi 2010) believe that brands with an identity-culture will be better in integrating their communications.

Aaker (1996) regards brand identity as “what the organization wants the brand to stand for in the customer’s mind” (p.25) or “how strategists want the brand to be perceived” (pg. 71). Aaker’s (1996) work raises several points. First, brand identity emanates from the ‘organization’ it is not a consumer or client side construct opposed to brand image. Second, within the organization, the “strategist” plays a pivotal brand identity role. Third, brand identity is visionary or aspirational. Similarly, Joachimsthaler and Aaker (2007) regard brand identity as the vision of how that brand should be perceived by its target audience, or more succinctly, what the organization wants the brand to stand for. This is a benefit of Aaker’s (1996) work, the vision lies with the “strategist” and appears to be customer centric.

Kapferer (2008) defines brand identity as the construct of “specifying the facets of the brands’ uniqueness and value” (p. 171) and compare the identity of a brand with an identity card of a citizen in the world. A brand may be “unique” and “different” as a human being can be. It suggests that brand identity “is the common element sending a single message amid the wide variety of products, actions and communications.” (p.172). According to Kapferer (2008), for existing brands, identity is the source of brand positioning.

Inspired on the work of Hatch and Shultz (2000), de Chernatony (2010), considers brand identity as “the distinctive or central idea of a brand and how the brand communicates this idea to stakeholders” (p. 53). By considering stakeholders, de Chernatony’s (2010) work has the benefit of taking a strategic perspective: “the concept of brand identity offers the opportunity to develop the brand’s positioning better, and encourages a more strategic approach to brand management. A carefully managed

identity system also acts as a protective barrier against competitors.” (p. 55). Additionally, the construct as visionary is consistent with scholars such as Aaker (1996) and Aaker and Joachimsthaler (2007). This author developed three categories to facilitate the amount of interpretations encountered to the brand concept: *Input Based* - Stressing branding as a particular way of managers using resources to influence customers; *Output Based* - Consumers interpretations and consideration of the way brands enable consumers to achieve more and *Time Based* – Recognizing brands as dynamic entities evolving to meet changing environmental situations.

### **2.3. Distinction between Brand Identity and Brand Image**

Most marketing scholars are of the view that a clear distinction can be made between a company’s identity/image and their reputation (Berthon *et al.*, 2008). Aligned with Kapferer (2008) and de Chernatony (2010), Kotler and Keller (2011) make the distinction between brand identity and brand image:

“Identity is the way a company aims to identify or position itself or its product. Image is the way the public actually perceives them. For the right image to be established in the minds of consumers, the marketer must convey brand identity through every available communication vehicle and brand contact. Identity should be diffused in ads, annual reports, brochures, catalogs, packaging, company stationery, and business cards. If "IBM means service," this message must be expressed in symbols, colors and slogans, atmosphere, events, and employee behavior.” (p. 248-249).

This view is also found in Keller (2003) who states “an image is how you are perceived, and an identity is how you aspire to be perceived” (p.763). Hence, it can be seen how Keller (2003) and Keller and Kotler’s (2011) work not only helps demarcate the construct but clearly aligns with other studies where brand identity is considered as emanating from the organization (Aaker, 1996; Aaker and Joachimsthaler, 2007; Kapferer, 2008; de Chernatony, 2010). This is consistent with the position that identity is an organizational “input” (de Chernatony, 2010).

Important to notice is that authors such as Kapferer (2008) and de Chernatony (2010) regard relationships as a dimension of brand identity whilst those that do not, such as

Aaker (1996) and Aaker and Joachimsthaler (2007), note how relationships play an important role in the brand identity building.

## **2.4. Models of Brand Identity**

### **2.4.1. Aaker's Brand Identity Planning System**

Aaker's (1996) model advocates brand strategists consider brand from four perspectives. These are brand *as a product, an organization, a person and a symbol*. By considering each of these four perspectives, Aaker (1996) argues this approach helps brand strategists consider different brand elements which clarify, distinguish and add depth to a brand identity. The brand as a *product* perspective concerns developing brand associations within a specific product class (Oracle and database software). Aaker (1996) outlines how the important point is not for a brand to be recalled when a brand in a class is mentioned but for customers to recall a brand when there is a need in relation to a given product class. The brand as an *organization* perspective focuses on organizational attributes or associations (e.g. 3M and innovation) instead of a specific good or service. Aaker (1996) considered the organizational perspective particularly important given it is more durable and resilient to competitive threats. Through the brand as a *person* perspective, Aaker (1996) suggests brands can embody a more human form by displaying traits with the outcome being a richer and more interesting brand than if just a product perspective was employed. The author develops this point noting how brand personality facilitates building stronger brands in three ways. He argues personality helps consumers express their own personalities, provides a foundation for customer-brand relationships whilst enabling a brand convey product attributes which contributes a functional brand benefit. The final perspective of Aaker's (1996) model concerns the brand as a *symbol* which helps, at a glance, stimulate brand associations that other brand marketing activities have looked to induce. Aaker (1996) contends symbols that capitalize on visual imagery, metaphors and brand heritage play a particularly important role in driving brand awareness as part of an overall equity building effort. It should be noted that when utilizing the model, Aaker (1996) advocates organizations consider all four perspectives but only use those which are helpful in terms of articulating the brand in the consumer's mind. Aaker's (1996) model

also encompasses a core and an extended brand identity. The core identity encapsulates the timeless brand essence which is built and sustained over time. It is pivotal to both the central meaning and success of the brand whilst developing associations that are likely to remain constant if the brand moves into new products and / or markets. The extended identity includes elements that provide texture and completeness to the core identity by adding details that help reveal what the brand stands for.

#### **2.4.2. Aaker and Joachimsthaler's Brand Leadership Model**

Aaker and Joachimsthaler's (2007) Brand Leadership Model augments Aaker's (1996) work via the inclusion of brand essence and elaboration of brand identity. Firstly, at the heart of the core and extended identity, the brand essence should be considered as "a compact summary of what the brand stands for" (Aaker and Joachimsthaler, 2007; 49) or "a single thought that captures the soul of the organization." (p. 54). The brand essence looks to communicate the brand's identity in a compact and inspiring way (Kotler and Keller, 2011).

The objective of brand identity elaboration is to provide the identity with greater clarity and distinctiveness whilst reducing the ambiguity, improve brevity of decision-makers and providing useful concepts or effective ideas for brand building (Aaker and Joachimsthaler, 2007). The authors explain the concept of leadership in brands which is vague and incorporates many interpretations. *Identity Brands*, for instance, are a type of leadership brands that build a connection through users' image, helping people expressing who they really are (Levi's are urban and fashion/ BMW is successful and connoisseur). Elaborating the brand identity consists of several activities which are informed by an identity audit (Aaker and Joachimsthaler, 2007). As part of brand identity elaboration, strategic imperatives represent the necessary stages to offer substance behind brand identity. The concept of strategic imperatives suggests that the brand identity should boost the commercial strategy (Aaker and Joachimsthaler, 2007). If the organization has well-articulated commercial strategy, backed by a strong culture, brand identity and strategy are relatively easy to develop. On the other hand, when commercial strategy and organizational culture are unclear, the effort of creating brand identity may be achingly difficult (Aaker and Joachimsthaler, 2007). Furthermore, the brand strategist needs to identify internal and external brand identity role models to



communicate the identity to their respective audiences (Aaker and Joachimsthaler, 2007). From an internal perspective, this individual must have visibility of, and authority to influence brand related-decisions within the organization. In essence, this individual becomes a brand identity champion who promotes and drives brand identity-related initiatives forward. Externally, role models whose personalities align with the desired brand identity need to be identified so associations, consistent with the desired brand identity, can be created in consumers' minds (Aaker and Joachimsthaler, 2007). Brands frequently employ actors or sports celebrities to transmit the brand identity in this way. The use of metaphors to make the identity a more distinctive and striking also facilitates elaboration of the brand identity. Aaker and Joachimsthaler (2007) still outline how it is important to prioritize the brand identity elements which will be central to brand positioning. This activity provides focus and direction to the brand building effort.

#### **2.4.3. Kapferer Hexagonal Identity Prism**

Kapferer's (2008) Hexagonal Identity Prism model conceptualizes brand identity along six facets. These are *physique*, *personality*, *relationships*, *culture*, *self-image* and *reflection*.

*Physique* relates to the concrete, tangible or objective features of the brand encompassing product features, symbols and attributes. These are considered the basic purpose of the brand in terms of what the brand is, what it does and how it looks. Personality considers how brands can be similar to human, through 'traits' and so reveals the brand's character and attitude in a more emotionally orientated manner. Developing brand personality entails addressing questions such as if this brand was a person what type of person would it be. A brand may be considered rugged and masculine (Marlboro). Hence, this facet of Kapferer's (2008) model draws heavily on Aaker's (1997) "*Dimensions of Brand Personality*" brand personality work. *Culture* relates to the fundamental values the brand and /or organization stand for in addition to the norms that guide employees' behavior to facilitate brand identity building. Considering identity in terms of a *relationship* takes a brand beyond a purely functional domain given that emotions are an intricate part of any relationship. Reflection, relates to the brand being an instrument for the individual to make a statement about their

actual or desired self. Consequently, marketing communications reflecting the brand being used by a certain type of individual in a certain way plays a particularly important role. The reason being such communications allow customers to imagine themselves using the good or service in a particular way or at a particular time. Self-image relates to how the brand is viewed introspectively by the customer in terms of a personal brand evaluation.

Kapferer's (2008) model considers the six brand identity facets from four perspectives. First, the sender and receiver of brand identity. Second, an internal and external perspective. Physical appearance and personality are controlled by the sender whilst consumer reflection and self-image are concerned with the receiver. Culture and relationships link the sender and the recipient and so in this sense act as a common denominator between the brand (the sender) and the consumer (the receiver). In terms of internalization and externalization, elements to the left of the model such as physical appearance, relationship and consumer reflection are social, provide brand with a form of external expression and are visible. Conversely, the facets to the right, that is, personality, culture and consumer self-image are connected with the inside of a brand and its 'soul' (Kapferer's , 2008).

#### **2.4.4. de Chernatony's Components of Brand Identity**

Working from the center of the model out, at the heart of any brand is a *vision* which provides the brand with strategic direction and guidance. For this vision to be realized, a *culture* that supports brand consistent behavior needs to be developed. Such a culture requires staff who believes in the brand's values in addition to managers that hold congruent views concerning market characteristics and so how their brand should be developed within it. The next stage is for the brand to become more tangible via its positioning and personality. In this model, positioning is concerned with manifesting functional values whilst personality relates to making emotional values more animate. To support the positioning, personality and vision / culture, staff need to have a clear understanding of, and manage their relationships with, colleagues, customers and other stakeholders in order to enact the brand's values in a manner congruent with the desired brand identity. The result of considering these dimensions which manifest in a unified form of internal behavior is the effective and consistent presentation of the brand which

“differentiates the brand in a manner which stakeholders welcome.” (de Chernatony, 2010: 55). However, de Chernatony (2010) assumes some weaknesses of this perspective that is of managers thinking predominantly about positioning when focus on the internal aspect of branding.

## **2.5. Models of Brand Identity: A Critical Analysis**

The previous subchapters reviewed the most important brand identity models from the academic community. They are fundamental tools to understand the importance of brand identity and its specificities.

It is our opinion that these frameworks have been generically conceived. Due to their flexibility regarding the components of brand identity and consideration of something emanating from the organization, it is possible to apply those frameworks in SMEs services marketing and also in a business-to-business context.

Analyzing the models and comparing them, it is attainable to ascertain that Kapferer's (2008) identity prism is a bit complex to be operationalized. Some concepts are unclear and of difficult interpretation such as the “recipient” and the “sender”. It seems to imply that the brand image is part of the brand identity which, consequently, can be directly manageable by the company.

De Chernatony's (2010) components of brand identity, although very strategic and consensual about brand identity being an “input”, does not seem to be applicable to small medium enterprises. Its emphasis in “Vision/Culture” and the role of the “Staff” appear to be a bit strict which does not reflect the uncertainty and changing environment of new ventures.

Lastly, Aaker's (1996) and Aaker and Joachimsthaler's (2007) identity framework is broadly conceived, meaning that it can be adapted to multiple companies and business models. Moreover, they are the only ones who view the importance of the commercial strategy in developing a brand identity. Brand strategists can consider different elements which clarify, distinguish and add depth to a brand identity. Additionally, these authors advocate that brand personality provides a foundation for customer-brand relationships whilst enabling a brand convey product attributes which contributes to a functional brand benefit (Aaker, 1996).

### **3. Customer Brand Engagement: A Literature Review**

In this section, literature about customer brand engagement, social media, content marketing and online brand communities are displayed. These topics are of extremely importance for the development of the CBE framework and ultimately essential to the prosecution of this project.

#### **3.1. Customer Brand Engagement Definition**

Recently, researchers looked to explain brand engagement offering conceptual frameworks and a variety of theories (Brodie *et al.*, 2011; Hollebeek, 2011; Gambetti *et al.*, 2012). The majority of these frameworks offer perspectives on how the components comprising the engagement concept relate to each other. These authors emphasize that the most useful engagement definitions acknowledge the cognitive, emotional and behavioral dimensions of the concept. For example, Hollebeek (2011) defines customer brand engagement (CBE) as “the level of a customer’s cognitive, emotional, and behavioral investment in specific brand interactions” whereas Gambetti *et al.* (2012) regards brand engagement as a composite of experimental and social dimensions. Kaltcheva *et al.*, (2014) identifies four types of customer engagement value (CEV): Customer lifetime value (CLV), Customer referral value (CRV), Customer influencer value (CIV) and Customer knowledge value (CKV).

#### **3.2. Customer Brand Engagement in Social Media**

The typical marketing approach of mass production, developing creative mass advertising, selling products and ensuring customers are satisfied is not enough to create engaged customers (Roberts and Alpert, 2010). The interactive nature of social media with its ability to establish conversations among individuals and firms in communities of sellers and customers and involve customers in content generation and value creation has excited practitioners with its potential to better serve customers and satisfy their needs. (Sashi, 2012). Indeed customers often add value by generating content and even become ardent advocates for the seller’s products and can influence purchase decisions of others in peer-to-peer interactions. (Sashi, 2012). Social media with its ability to

facilitate relationships may help realize the promise of the marketing concept, market orientation, and relationship marketing by providing the tools to better satisfy customers and build customer engagement (Sashi, 2012). Customer engagement seems to go beyond awareness, beyond purchase, beyond satisfaction, beyond retention, and beyond loyalty. In many ways it represents the evolution of marketing from the marketing concept era to market orientation to relationship marketing (Sashi, 2012). Engaged customers are likely to recommend products to others, e.g. by word-of-mouth, blogs, social networking, comments on web sites, etc., and even add value by providing user-generated content (Sashi, 2012). In many ways customer engagement expands the traditional role played by customers and includes them in the value-adding process by helping sellers understand customer needs, participating in the product development process, providing feedback on strategies and products, and becoming advocates for the product (Sashi, 2012).

Social media affect brand management because consumers have become pivotal authors of brand stories (Gensler *et al.*, 2013). Both firm-generated brand stories and consumer-generated brand stories are told through a plethora of communication channels (both traditional and social media channels) in a dynamic and evolving process (Gensler *et al.*, 2013). The characteristics of these different channels may influence the creation of brand stories by posing restrictions on, for example, the amount or type of content that can be created (e.g., Twitter message versus YouTube video) (Gensler *et al.*, 2013). The idea that brand identity is reflected by the image and lifestyle of its customers is more visible and impactful through associations created by social media. This expands the role of a brand's social identity, and the various participants in telling brand stories are knowingly or unknowingly absorbed into the brand's identity (Gensler *et al.*, 2013). As a brand's social network now consists of many voluntary connections from consumers, this affects the authenticity of a brand's social identity and at the same time adds complexity to the management of brand identity (Naylor *et al.*, 2012; cited in Gensler *et al.*, 2013). A network-oriented approach to branding implies that a consumer's relationship with a brand now extends into the consumer's social connections, whether it is the consumer influencing or being influenced by such social connections about the brand. Hence the value of a consumer to a brand is no longer restricted to the consumer's direct purchase and consumption of the brand. Instead, a consumer who does not purchase heavily from a brand may still be of substantial

interest to the firm if the consumer exerts significant influence on his/her social connections. (Gensler *et al.*, 2013).

There is no definitive typology of different types of social media (e.g. Kaplan and Haenlein, 2010; cited in Tsimonis and Dimitriadis, 2014), but it is common to differentiate among social networking (e.g. Facebook), professional networking (e.g. LinkedIn), video-sharing (e.g. YouTube), picture sharing (e.g. Flickr), social bookmarking (e.g. Delicious, Digg), social sharing of knowledge (e.g. Wikipedia), microblogging (e.g. Twitter), blogs (e.g. Blogger), and user forums (Tsimonis and Dimitriadis, 2014). The common characteristic is that these social media allow individuals and entrepreneurs to engage in social interactions, in a way and on a scale that were not possible before (Fischer and Reuber, 2011; cited in Tsimonis and Dimitriadis, 2014).

### **3.2.1. Customer Brand Engagement in Social Media: Previous Empirical Studies**

Consumer's online brand-related activities (COBRAs) are imperative for companies to effectively anticipate and direct consumers in a way that is in sync with business goals. (Muntinga *et.al.*, 2011) . This COBRA concept can be seen as a behavioral construct that provides a unifying framework to think about consumer activity pertaining to brand-related content on social media platforms. (Muntinga *et.al.*, 2011). Research performed by Muntinga *et. al.*, (2011) finds that different brand-related activities on social media platforms are driven by different motivations. COBRAs were categorized into three dimensions that correspond to a path of gradual involvement with brand-related content on social media, namely consuming, contributing and creating. The consuming COBRA type represents a minimum level of online brand-related activeness. It denotes participating without actively contributing to or creating content. People who consume watch the brand-related videos that companies or other people create, and view the product ratings and reviews that others post, and the dialogues between members of online brand forums. The contributing COBRA type is the middle level of online brand-related activeness. It denotes both user-to-content and user-to-user interactions about brands. People who contribute to brand-related content converse on a brand's fan page on a social networking site, make contributions to brand forums, and comment on blogs, pictures, videos and any other brand-related content that others have

created. The creating COBRA type represents the ultimate level of online brand-related activeness. It denotes actively producing and publishing the brand-related content that others consume and contribute to. People that create write brand-related weblogs, post product reviews, produce and upload branded videos, music and pictures, or write articles on brands. Those consuming, contributing and creating COBRAs fall into segmented groups with different sets of motivations for participation including information (consuming), entertainment (consuming, contributing and creating), remuneration (consuming), personal identity (creating and contributing), integration and social interaction (creating and contributing) and empowerment (contributing). Knowing that different sets of motivations account for different COBRAs enables brand managers to anticipate and stimulate consumers' online brand-related activities and helps to effective employment of brand-related activities as successful marketing and branding tools (Muntinga's *et. al.*, 2011). Entertainment as a major influencer of engagement is also supported by Gummerus *et al*, (2012) who states that being entertained in the community is more important for the brand relationship outcome than the social activities of, for example, getting to know other community members, staying in touch with or helping community members in a Facebook brand community. By offering daily entertainment, customers can be attracted to visit a site more often, thereby also increasing their likelihood of reading up on new products and other company information, as well as engaging in other activities. (Gummerus *et al*, 2012).

Cvijikj and Michahelles (2013) contribute to analyzing the factors that influence the level of online customer engagement on social media marketing channels. They study the characteristics of the content communicated by the company, such as media type, content type, posting day and time, over the level of online customer engagement measured by number of likes, comments and shares, and interaction duration for the domain of a Facebook brand page. Regarding the content type, entertaining content was found to be the most influential, by increasing the engagement on all three individual levels - liking, commenting and sharing. Moreover, it was also found to have a positive effect over the interaction duration, though the effect size is smaller compared to providing brand related Information. Posts offering brand related information increase the level of engagement through liking and commenting, but do not cause an effect on the number of shares. If the objective is to increase the level of engagement brands should create less interactive contents, i.e. photos and status updates. On the other hand,

if the objective is to increase the reach of their message, by stimulating the sharing activity of the fans, brands should focus on vivid content, i.e. videos, photos and links. Concerning the posting time, posts created on workdays increase the level of comments, while posting in peak activity hours will reduce the level of engagement through liking and sharing. To measure the engagement on Facebook, Cvijikj and Michahelles (2013) utilize the following formulas:

$$\text{FeedbackRate} = \frac{\#Likes + \#Comments}{\#Impressions}$$

$$\text{LikesRate} = \frac{\#Likes}{\#Fans \text{ on the day of posting}}$$

$$\text{CommentsRate} = \frac{\#Comments}{\#Fans \text{ on the day of posting}}$$

$$\text{ShareRate} = \frac{\#Shares}{\#Fans \text{ on the day of posting}}$$

$$\text{Interaction Duration} = \text{Time of last Interaction} - \text{Time of post creation}$$

Malhotra *et al.* (2013) note, “brands have embraced Facebook as a key marketing channel to drive engagement and brand awareness”. On Facebook, the number of “likes”, shares, or comments a brand’s page receives is a manifest variable for brand engagement (Chauhan and Pillai, 2013; Hoffman and Fodor, 2010; Malhotra *et al.*, 2013). Consumers who select “like” for a brand may do to allow that brand to express their ideal or actual selves (Ahuvia, 2005) whereas some consumers choose brands to express a self that is not supported in their material world, since social networks allow consumers to present an “ideal self” (Schau and Gilly, 2003).

Tsimonis and Dimitriadis (2014) explain why brands use social media activities and what outcomes do they expect. The most frequent factors mentioned to be present in social media are: trying to keep up with the technological developments, viral nature of social media, the presence of competitors in social media, headquarters’ social media strategy and cost reduction pressure. Companies expect a number of specific benefits



from their presence on social media and customer engagement was mentioned as the most important one between (Tsimonis and Dimitriadis, 2014).

Wallace *et al.*, (2014) explored brand engagement by eliciting the views on Facebook fans, and examining the extent to which those brands “liked” are socially self-expressive (expressing the social self), or inner self-expressive (expressing true self), and the outcomes of this relationship for brand love and word-of-mouth (WOM). They present differences in the outcomes from brands “liked” that express the inner self or the social self. In the case of brands expressing the inner self, consumers will experience brand love, they will offer WOM, but they will be less likely to forgive a brand for “wrongdoing”. Wallace *et al.*, (2014) assert that this is a “real” brand relationship, where the consumer has a genuine attachment to the brand because it reflects themselves. By contrast, the authors show that consumers who “like” brands that express social self, consumers will experience brand love, but they are less likely to offer WOM. However, they will accept wrongdoing, arguably because the brand is not internalized and does not really resonate with the self.

Park and Kim (2014), empirically test a theoretical argument that the perceived benefits of a brand's social network website (BSN) influence the consumer's relationship with the brand's SN, which in turn leads to loyalty behavior. The authors conclude that the brand social network relationship quality will influence the overall brand relationship quality, which, consequently, will increase WOM (positive or negative) and the willingness to pay a premium price. Still, in the empirical research “field”, Hollebeek *et al.*, (2014) develop and validate customer brand engagement in specific social media settings. The findings suggest that while consumer brand ‘involvement’ acts as a CBE antecedent, consumer ‘self-brand connection’ and ‘brand usage intent’ represent key CBE consequences, thus providing a platform for further research in this emerging area (Hollebeek *et al.*, 2014).

### **3.2.2. Customer Brand Engagement in Social Media: Important Facts and Statistics**

Marketers place very high value on social media (Stelzner, 2014). In a study published by Social Media Examiner (2014) some useful and important data was highlighted by the company concerning social media usage. The major findings indicate that tactics and engagement are top areas marketers want to master (89% of the marketers want to know the most effective social tactics and the best ways to engage their audience with social media). Blogging holds the top spot for future plans whereas Facebook (54%) and LinkedIn (17%) are the two most important social networks. It's recognized by Stelzner (2014) that original written content is most important for social media marketing although most marketers aren't sure their Facebook marketing is effective (only 34% acknowledges that their Facebook efforts are effective). A significant 64% of marketers are using social media for 6 hours or more and 37% for 11 or more hours weekly (Stelzner, 2014). The benefits of social media marketing are also approached in this study, revealing that having a social media strategy will help companies (independently from their core business) in increasing exposure, increasing traffic, develop loyal fans, provide marketplace insight, generate leads, improve search rankings, grown business partnerships, reduced marketing expenses and improving sales. Facebook, Twitter, LinkedIn, YouTube, blogging, Google+ and Pinterest were the top seven platforms used by marketers, with Facebook leading the pack (Stelzner, 2014). B2B social media use differs from B2C focused marketers. B2C are more focused on Facebook, YouTube, Pinterest and Instagram. B2B are more focused on LinkedIn, Google+ and blogging (Stelzner, 2014). Marketers plan on increasing their use of blogging (68%), YouTube (67%), Twitter (67%), LinkedIn (64%) and Facebook (64%), (Stelzner, 2014).

As mentioned before, improving customer engagement is the most important objective of social media marketing (Ascend2, 2013; Petouhoff, 2013). Engaging customers is the most important objective, and building trusted relationships to acquire and retain customers is the most important reason (Ascend2, 2013). Creating content for articles and blogs is the most effective social marketing tactic, however creating all three types of content (video/audio content; research/whitepaper content; article/blog post content) are the top most difficult social marketing tactics to execute (Ascend2, 2013). The driver of customer engagement in social media is the content provided by the brands

(Petouhoff, 2013). Digital experiences are essentially made of people interacting with content (Petouhoff, 2013). The key factors, according to Petouhoff (2013) for optimal engagement and business results are: Analyze optimal customer engagement channels (also supported by Lewis, 2013); determine the best type of content to drive engagement (e.g. photos get forty times the interactions compared to status updates, links and videos); determine the amount of content being posted; choose the best day of the week to post photos and other types of content and create affinities and spot influencers. Awareness Inc., (2011) provides eleven strategies to increase engagement: Ask questions (relevant questions that the world would be interested in answering); offer a deal or promotion; hold a contest; create a game; host a live chat; use photos and videos; have an opinion (even if it's not popular); engage with your most passionate fans; create stars ( allow real people to emerge as authorities on a subject related to the company/brand/business); host a guest post or ask directly for engagement (be bold).

### **3.3. Social Media Channels**

There are different types of social media and each website requires users to work differently on each. Facebook and LinkedIn are social networks, while Twitter is a microblogging site, and YouTube is a content community (Lewis, 2013). Within each of these social media exists user-generated content (UGC), which is an important means of communication through which consumers express themselves and communicate with others online (Smith *et al.*, 2012; cited in Lewis, 2013). UGC can be in the form of a tweet when using Twitter, a status update on Facebook or a video post on YouTube. Use of UGC can help communicators understand how specific social media channels influence brand-related messages consumers create (Lewis, 2013).

In simplest terms, a blog is software that allows anyone who can type to post content to a website or blog home page (Jantsch, 2009). The content is generally displayed much like a journal might be written, in reverse chronological fashion (Jantsch, 2009). This content can be anything the author chooses to write, or post, as it is referred to in blogging terms (Jantsch, 2009). Blogs make it easy to change, update, add content and

may allow readers to comment, subscribe and be quickly found by search engines (Jantsch, 2009).

Facebook has become the most widely recognized name in social networks (Jantsch, 2009). Facebook allows people to join and “friend” members or invite others to join and then share and exchange information (Jantsch, 2009).

LinkedIn is often billed as the largest network of business professionals (Jantsch, 2009). It certainly has much more focused business participation than many social networks and is a great place to network and do research on specific organizations and opportunities (Jantsch, 2009). Probably the biggest difference between Facebook and LinkedIn is the focus on introductions (Jantsch, 2009). Ingrained in the LinkedIn culture is the ability to see who knows whom and who can make an introduction (Jantsch, 2009).

Instagram is a photo-sharing program (Bendror, 2013). It enables users to apply a variety of filters to pictures with a simple press of a button (Bendror, 2013). Instagram is great for products, pictures of staff and developments within the business (Bendror, 2013). It’s mainly used by females (70%) between the ages of 18-35 (Bendror, 2013).

Twitter is meant not so much for friends and family but for people you want to communicate with (Bendror, 2013). Twitter has proved its worth in recent years as a platform for breaking news and also a great way to connect with customers (Bendror, 2013).

Businesses that produce quality visual content on Pinterest have a distinct advantage (Bendror, 2013). Because of the highly visual nature of the site, quality images have a greater chance of becoming “viral” – that is, shared and re-shared and re-shared further – to thousands of people (Bendror, 2013). An image pinned by a highly-followed Pinterest member has the potential to reach millions of viewers (Bendror, 2013).

### **3.4. Content Marketing**

The Content Marketing Institute (CMI) describes content marketing as “a technique of creating and distributing relevant and valuable content to attract, acquire, and engage a clearly defined and understood target audience-with the objective of driving profitable customer action.”(Kho, 2014). Content marketing is a broad term that applies to everything from company newsletters and white papers, to blogs and podcasts, to virtual events, mobile apps and even consumer generated videos (Kirsten, 2012). The aim of this marketing tactic is to create and disseminate content that will engage customers and potential customers by offering them something of value: industry insights and trends, tips and how-to demonstrations, and other relevant information (Kirsten, 2012). It’s a soft-sell approach that moves beyond directly promoting a brand to helping or entertaining the customer with content that’s tangentially connected to the brand in some way—and thereby indirectly promotes it (Kirsten, 2012). Ideally, the content should be valuable and engaging enough for customers that they’re motivated to share it with their peers, ultimately helping to spread the marketing message and build brand awareness (Kirsten, 2012). Content marketing is important for optimal engagement and better business results (Petouhoff, 2013). Additionally, delivering relevant content will be the basis for good Searching Engine Optimization (SEO) (Kho, 2014).

Although studied by marketing agencies, there has been no prior academic and peer reviewed research specifically into digital content marketing (Holliman and Rowley, 2014). Content marketing objectives must form part of a defined content strategy (Holliman and Rowley, 2014). The key objectives for content marketing as identified by Rose and Pullizzi (2011) (cited in Holliman and Rowley, 2014) are: brand awareness or reinforcement; lead conversion and nurturing; customer conversion; customer service; customer upsell and passionate subscribers. Peppers and Rogers (2011) identify the four key elements of a content marketing strategy that could enhance trust: shared values (with the customer); interdependence (mutual value in the relationship); quality communication and non-opportunistic behavior. B2B digital content marketing, in which the digital content is typically used as an inbound marketing technique to pull customers to the website, and to potentially create brand community dynamics associated with the website (Holliman and Rowley, 2014). Typically, such content is provided free by the organization to promote their products and services, and more

widely to cultivate relationships with the other organizations that are their customers (Holliman and Rowley, 2014). According to Holliman and Rowley (2014) an important point is that being in a position to engage customers at the relevant point in their buying consideration relies on organizations having a clear view of their buying cycle, which, in turn, depends on continuing engagement with the customer, sharing the same opinion as Sashi (2012) and opposed to Robert (2014), who states content marketing brand's approach to engage its customers provides a method to enrich interactions with customers at every single stage of their buying journey. Moreover, Holliman and Rowley (2014) define digital content marketing (DCM) as "the activity associated with creating, communicating, distributing, and exchanging digital content that has value for customers, clients, partners, and the firm and its brands." (pg.20) and develop a framework which displays the different types of content marketing, characteristics, originator of the contents, the main objective and the content users.

Content can be managed as the strategic asset that it has (or can) become, or it can be an expensive by product that ultimately weighs down a company as it tries to navigate the broader disruptions taking place (Robert,2014). Companies with a strategy for social marketing are clearly focused on engaging customers and realize this will require increasing their efforts to reach more customers with timely and relevant content (Ascend2, 2013). Therefore, the creation and sharing of content must be prioritized (Ascend2, 2013).

Both Kirsten (2012) and the Content Marketing Institute (2013) provide tips and advice to achieve success and produce better marketing. It is highlighted that without a content strategy, social media will fail, the content should be short and entertaining and marketers should not forget to be helpful. However, it is important to acknowledge that the value of digital content is contextual and such that its value in use by different users on specific occasions is difficult to predict in advance (Rowley, 2008).

### **3.4.1. Content Marketing: Important Facts and Statistics**

The overwhelming majority of marketers (94%) use original written content as part of their marketing efforts (Stelzner, 2014). Curation of other people's content is also popular (73%) among marketers (Stelzner, 2014). More than half of marketers (58%) selected original written content as their most important content, followed by original visual assets (19%) and then original videos (12%) (Stelzner, 2014). Original written content is more important for B2B marketers than to B2C marketers, who place more importance on visual assets (Stelzner, 2014). Marketers plan to increase their use of original written content (81%), original videos (73%), original visual assets (like infographics) (70%), curation of other people's content (46%) and original audio (33%), in that order (Stelzner, 2014).

Only 23% of B2C marketers are successful at tracking the return on investment (ROI) of their content marketing program. Additionally, 51% recognize that measuring content effectiveness is a challenge (Content Marketing Institute and MarketingProfs, 2015). The use of blogs dropped from 72% to 67% in 2014; the biggest increase in tactic usage has been for branded content tools (Content Marketing Institute and MarketingProfs, 2015). B2C marketers are using, on average, 7 social media platforms (B2C Content Marketing, 2015). The method found to be most effective is search engine marketing (57%) (Content Marketing Institute and MarketingProfs, 2015).

The 39% of B2B small business marketers who have a documented content marketing strategy are more effective in nearly all aspects of content marketing than their peers who either have a verbal-only strategy or no strategy at all (Content Marketing Institute and MarketingProfs, 2015). In small B2B companies, content marketing often falls under demand-gen marketing or the marketers report directly to the owner or executive team (Content Marketing Institute and MarketingProfs, 2015). The most effective B2B small business marketers publish new content even more frequently than the percentages shown (55% of the most effective marketers publish new content daily or multiple times per week) (Content Marketing Institute and MarketingProfs, 2015).

### 3.5. Online Brand Communities

“Recognizing that brand communities can become important marketing instruments and understanding who joins a community for what reasons may have potentially powerful managerial implications” (Ouwersloot and Odekerken-Schröder, 2008).

According to Muniz and O’Guinn (2001), a brand community is best described as “a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand.”. On the other hand, an Online Brand Community (OBC) is a brand community that take place in a virtual setting in which the members’ interaction is primarily Internet-mediated (Fuller *et al.*, 2007). The OBCs’ core factor is the brand itself but ultimately they exist and persist due to the relationships among their members (Jang *et al.*, 2008). The growing development and success of such consumer communities show that this form of online organization is creating a large impact in the business community (Ganley and Lampe, 2009) and leads users and consumers to become a powerful source of innovation and new ideas (Wu and Fang, 2010). In this context, the Web 2.0 technology such as video sharing, blogging, social networking, exploit and reinforce the social aspect of the OBC through the multiple virtual connections among consumers, thanks to which they can build relationships and easily share content and interests in relation to brand consumption (Fournier and Avery, 2011). These features outline a new form of brand community: the embedded brand community, characterized by ease of applicability, access to unbelievable numbers of consumers, at high speed, at low cost (Zaglia, 2013). The key motivational antecedents for participation in the latter are: passion for the brand and the field of interest, willingness to learn and improve skills, social relation to others, and reception of information tailored to specific members’ needs (which individuals perceive as more objective and useful than information from other sources), entertainment, and enhancement of one's social position (Zaglia, 2013). Thus, the power is shifted from marketers to consumers on the web determining high potential risk for the firms and control may be an illusion (Fournier and Avery, 2011; Wirtz *et al.*, 2013). Additionally new web technologies allow critical consumers to easily network together and create an earthquake in the brand (Fournier and Avery, 2011). Successful contemporary brand strategies also entail exploring and seizing social network environments (Zaglia, 2013). Four key factors have been identified in literature to characterize OBCs. The first is the level of participation and interaction of members in the community and among



themselves, i.e. the degree of social involvement in the community (Casaló *et al.*, 2010). The second is the level of quality of relationships within the community and it is expressed in terms of satisfaction, that is an overall assessment made by a consumer about sharing in the community and consequently benefits obtained (Adjei *et al.*, 2010; Casaló *et al.*, 2010). The third is the level of identification, that is, the degree to which a consumer feels himself as part of the community recognizing similar to other members of the community, and unlike non-members (Casaló *et al.*, 2010). The fourth is the level of quality of communication expressed in term of four dimensions of the information exchanged: timeliness, relevance, frequency and duration (Adjei *et al.*, 2010). The first three factors influence positively the process of community promotion and the consumer loyalty to the brand around which the community is developed (Casaló *et al.*, 2010) whereas the fourth, communication quality, affect positively purchase decisions trough the reduction of the associated degree of uncertainty and this is positively influenced by the presence of members with high level of competence (Adjei *et al.*, 2010). By 2012, some 50 percent of the top 100 global brands had established an OBC (Manchanda *et al.*, 2012; cited in Wirtz *et al.*, 2013). Porter *et al* (2011) suggest that it is important to first understand consumer needs and motivations before promoting participation and motivating cooperation.

From several researches, it's possible to state that social exchanges in brand communities exist throughout different product categories and branches, cultures, and different types of communities (Zaglia, 2013). The latter includes offline and online brand communities (Muniz & O'Guinn, 2001; Muniz and Schau, 2005), small-group brand communities (Bagozzi and Dholakia, 2006), virtual large network brand communities (Adjei *et al.*, 2010) and brandfests (McAlexander *et al.*, 2002).

## 4. Methodology

With the purpose of exposing the phases and stages of this project, this chapter focuses on the methodology approached to the persecution of answering to the research questions before presented. Thus, this chapter initiates with the methodology adopted (case study), followed by the phases and stages of the project and lastly the data analysis and treatment.

### 4.1. Methodology adopted

The methodology inherent to this project is a case study. A case study allows an investigation to retain the holistic and meaningful characteristics of real-live events, such organizational and managerial processes (Yin, 2009). Single case studies, like the presented one focused on Beauti's Portugal brand, have been used frequently and supporters of this approach propose that a single case would provide better theoretical insights than multiple-case research based on creating good constructs (Dyer and Wilkins, 1991). According to Grinder et al. (2010), a single industry study is beneficial if the industry provides a rich field of exploration into entrepreneurial practices, which it's the belief of the author of this dissertation.

Reynolds (1971) discusses what he refers to as the composite approach, versus the research-then-theory or the theory-then-research approaches. He states that the research-then-theory strategy has the disadvantage that a great deal of effort will go into collecting data that has no real purpose, but that at least some information could be useful for inventing theories. The theory-then-research strategy, on the other hand, has the disadvantage of the researcher possibly not having any initial information on which to base the first attempts at a theory, with the view that research is more efficient when one collects information related to a few important hypothesis. A composite of these two strategies could provide a more efficient overall procedure and, at the same time, a more accurate representation of the process that actually occurs in building up scientific knowledge. This composite approach divides research into three distinct stages, as presented by Reynolds (1971, pp. 154-55):

- *Exploratory Stage* - Here, research is designed to allow an investigator to just "look around" with respect to some phenomenon, with the aim being to develop

suggestive ideas. The research should be as flexible as possible and conducted in such a way as to provide guidance for procedures to be employed during the next stage.

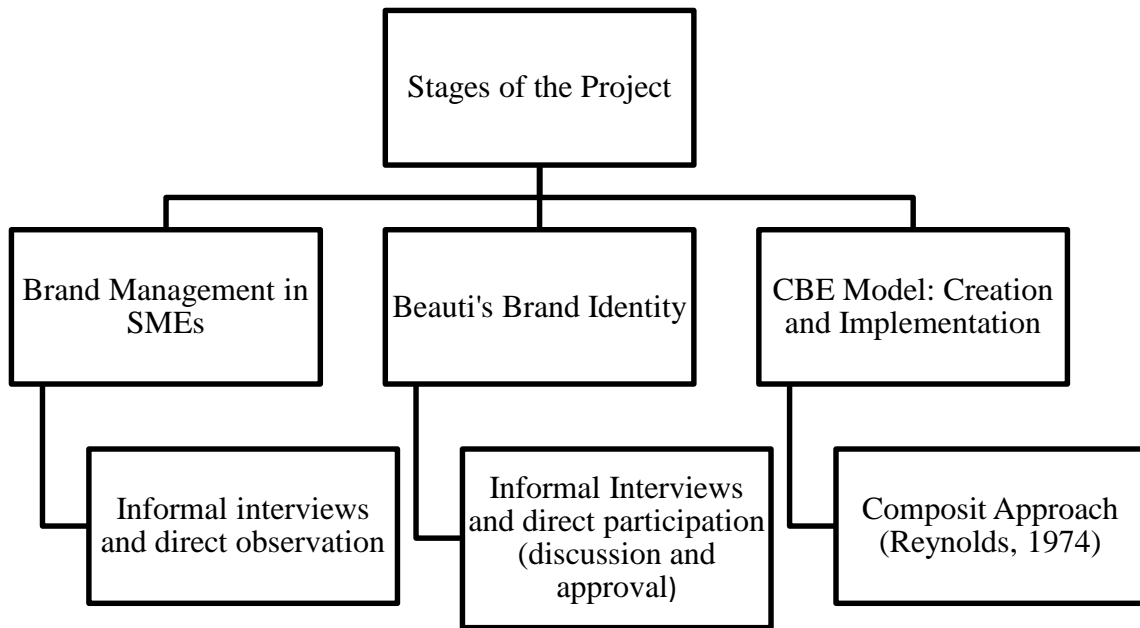
- *Descriptive Stage* - The objective of this stage is to develop careful descriptions of patterns that were suspected in the exploratory research. The purpose may be to develop inter-subjective descriptions (i.e. empirical generalizations). Once such generalizations begin to emerge, they are thus worth explaining, which of course leads to theory development.
- *Explanatory stage* – Here the goal is to develop explicit theory that can be used to explain the empirical generalizations that evolved from the second stage. This provides a cycle then of: 1) Theory construction; 2) Theory testing (attempts to falsify with empirical research); 3) Theory reformulation (back to step one).

The above presentation of the “composite approach” differs from the research-then-theory approach in that the data collected in the exploratory stages is not thought of as the final answer, but is instead recognized as being exploratory in nature using a flexible research design. According to Reynolds (1971), collecting data this way is often a procedure that uses hunches and insights, which of course have an effect on data collection. It differs from strict theory-then-research approaches in that it assumes that a useful theory is hard to invent without some acquaintance with the phenomenon. This acquaintance with the “phenomenon” under investigation thus takes place during the exploratory and descriptive stages of research. It is this composite approach which will be utilized for creating the framework for better manage and increase engagement in social media.

#### **4.2. Phases and Stages of the Project**

As mentioned before, the aim of this project is to develop an identity for Beauti’s brand and to create a framework for better manage (and increase) customer brand engagement in social media. This exploratory research is of most importance since customer brand engagement is directly related with brand image and customer-brand relationships are increasingly being a focus of branding activities. This is of absolute importance in today’s study of brand management. Moreover, social networks are a powerful source of communication and direct contact with costumers, where brand identity and brand

stories are frequently communicated. In order to reach the conclusions, and answer the research questions, this project will start by analyzing the company's diagnosis, including macro-economic conditions, competition, key issues and the beauty & wellness sector in Portugal. Secondly, an analysis of how Beauti Portugal brand is being managed, according to the operational activities, and how different it is from the literature is performed. Doing a comparison between the literature findings with the activities conducted in Beauti and also the interviewees' perception of the brand importance in SMEs. The brand identity implementation follows the one designed by Aaker and Joachimsthaler (2007) since it has a more strategic view over the future activities of the brand and is the only one, from the analyzed models, that concerns the commercial activities of a company when developing an identity for a brand. Moreover it puts a special emphasis in consumer-brand relationships, which is of the most importance for the company. The Brand Identity Planning System was used as the basis for the Beauti Portugal identity definition and was developed through a process of acknowledging what which one of the collaborators thought about the Beauti's identity (informal interviews) and then discussed it with the others until the desired and more suitable identity for the brand was achieved. Regarding how customers can be more engaged to the brand, a framework for managing social media which allows more and better engagement with users is proposed, following what is advocated in academic literature, and not forgetting, the needs and specificities of Beauti Portugal brand. This is very important for the company since some of these decisions are irreversible, like the brand identity, and Beauti Portugal may have to adapt its strategy to be successful in the future or at least to help the business preventing from failure.



**Figure 1: Stages of the Project and Methodology adopted. Own Elaboration**

### **4.3. Data Collected**

In this study, as previously mentioned, secondary data is collected from Beauti's internal documents (reports, agendas and meetings), archival documents (online databases).

Concerning primary data, informal interviews (by email) with different levels of staff and direct participation and observation. The key information and sources are the founder and managing partner and two co-founders, one software developer and one marketing manager. They weren't aware of which ones answer by the time they were interviewed.

The multiple sources of evidence, their objectives and the interveners are synthesized in the following table.

<b>Source</b>	<b>Interveners/Place</b>	<b>Objective/Evidence</b>
Documentation	Existing reports, agendas, meetings, company diagnosis	Importance of brand management in strategic decisions, Beauti's social media presence and objectives
Direct Observation	Beauti's offices - UPTEC	Importance of brand management in daily tasks
Participant Observation	Beauti's offices - UPTEC	Creation and Implementation of Beauti's Brand Identity and CBE Model
Archival Documents	Online Databases	Characterization of the Portuguese market, client profiles, targets, potential clients, social media management
Informal Interviews	All staff members (managing partner and two collaborators)/Beauti's offices - UPTEC	Perception of the importance of brand management, Beauti's perceived values, beliefs, vision, objectives, value propositions, positioning, brand essence, alignment between staff members' answers.

**Table 1: Data Collected synthesized. Adapted from Mota (2014)**

## **5. The Case Study: Beauti Portugal**

This chapter focuses on the presentation of the object of the study for this project: Beauti Portugal. In the next sections, some relevant aspects (internal and external) regarding Beauti's business are hereinafter explained and discussed.

### **5.1. Beauti Portugal**

Beauti Portugal is an online destination for beauty & wellness professionals and clients based in Porto, Portugal ([www.beauti.pt](http://www.beauti.pt)). Founded in 2013 by four entrepreneurs, this online platform operates with Business-to-Business and Business –to-Consumer type of activity. The core business attends to booking beauty salons via internet 24/7, according to the establishment and professional preferred or even service provider most adequate to consumer needs. In order for this work-flow to happen, Beauti offers, at the same time, tools to beauty & wellness professionals to grow and manage their business. Management and marketing software tools are offered, as well as, a network community between clients and consumers concerning the newest fashion trends (photos, videos and news). The business model relies on a subscription fee paid by the professionals or beauty salons meanwhile the process of booking for the consumers is free from charges.

Despite being launched only in October 2014, having a good amount of prospects and potential clients will fuel growth. Beauti is forecasted to reach the adequate amount of revenues in order to be financially stable in Portugal and promote an internationalization process in approximately one year. The platform is already fully developed and the commercial efforts will take place from 2015 and beyond.

## **5.2. Beauti's Market**

Beauti possesses good information about the market and knows a great deal about the common attributes of the most prized and loyal customers. Portugal is not in its most comfortable economic and financial health but the European Commission has developed new predictions with a few optimistic figures. It is expected, at the end of 2015, a GDP growth of 1,6% and an inflation rate of 0,1% showing the expectations of a near economic growth. The unemployment rate is still preoccupying, as well as, the Gross Public Debt, which means that companies (including Beauti) must be alert to a possible raise of the fiscal burden, more particularly to direct taxes on households and businesses.

According to the Euromonitor International (Country Report – Portugal 2014), despite the considerable drop in overall consumer consumption and confidence, affecting the overall retailing panorama, internet retailing is surging forward as one of the most vibrant distribution channels. Consumers are abandoning their apprehensions regarding the security of online transactions, whilst embracing the convenience and efficiency that internet retailing offers. In terms of efficiency, consumers can make better informed purchasing decisions by evaluating and comparing products comfortably, enabling them to more precisely satisfy their needs. In terms of convenience, consumers are not limited by store opening hours, can avoid long queues, and can get products sent to their doorstep. Even though that Beauti is not an E-commerce site, but a software product of online booking 24/7, this study brings a lot of confidence, since it indicates that Portuguese people are using the internet more and more for transactions and begin to trust the online services and offerings.

Being more specific in what Beauti is concerned, Portugal has approximately 10M habitants, 250 billion euros in GDP and about 15.000 beauty salons that can be prospected, presented and becoming potential clients. 40% of all beauty and wellness saloons are located in Porto or Lisbon where 70% of the businesses have from 0 to 300 likes on Facebook. The trendiest districts, according to the research performed by the company, are Lisbon, Porto and Algarve and the activities most held by the saloons are haircare, waxing, nailcare and massage. However, the Portuguese market size does not match the wide range of objectives Beauti proposed to achieve. As Beauti intends to be



established as an online destination for beauty and welfare markets worldwide, considering the number of potential clients from markets like Spain, France and Brazil, the number of potential clients rises to almost 650.000 beauty or wellness salons and professionals.

Regarding the competitors, all Beauti's similar software product providers are based overseas, especially in USA or UK markets, since it was on those markets that online booking for beauty and wellness appeared. The strongest ones are Styleseat.com, Vagaro.com and Wahanda.com. In Portugal, there is only one serious competitor that is also in the first steps of building its business, named Bucmi.com. This Spanish based SME endorse the view "change is good" in a blog for users with discounts, trends and tips regarding the fashion and wellness industry. They charge a subscription fee alongside a commission per booking from 3% to 9% of the service's price. "La revolución de belleza y bienestar", as they advocate, is already possible in Portugal and in more than 1000 saloons across various Spanish cities.

### **5.3. Target Market and SWOT Analysis**

Beauti's strategy is to target the "First Movers or Innovators" regarding the transactions via internet, and the "Trendy" ones concerning the beauty and wellness industry. This particular target can be analyzed with more detail: In the B2C segment, Beauti targets trendy first movers, more particularly young adults who are now initiating their professional careers and do not neglect their looks and their physical (and consequently physiologic) well-being. On the other hand, in the B2B segment, Beauti looks for salons and professionals who aren't afraid of taking risks and actually are willing to give up their traditional management system, for a new one, more developed and complex, which includes marketing tools and forward thinking. A detailed SWOT analysis is shown below.

<b>SWOT ANALYSIS</b>			
<i>Strong</i> s	<i>Weakness</i> es	<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> <li>-Wide coverage of salons since day 1 by geography</li> <li>-Wide coverage of trends and tips (partnership with 17 bloggers)</li> <li>-Online booking center 24/7</li> <li>-Online booking via Facebook</li> <li>-Client files autofill</li> <li>-Web based CRM (no fees to install and configure)</li> <li>-Effective tools for grow (attract and retain new customers)</li> <li>-Intuitive backoffice</li> <li>-Integration with social networks</li> <li>-B2B unique pipeline model</li> <li>-User-friendly experience and state-of-the-art webdesign</li> <li>-Multidisciplinary team</li> <li>-Low platform maintenance costs</li> </ul>	<ul style="list-style-type: none"> <li>-Lack of Brand Recognition</li> <li>-Dependent of internet connection to work</li> <li>-Small team to cover all company's needs</li> <li>-Limitation towards client support and commercial action</li> <li>-Limited funds allocated to brand activation and promotional activities</li> <li>-Mobile App still developing</li> <li>-High client support and product development costs</li> </ul>	<ul style="list-style-type: none"> <li>-Affiliate programme: Building partnership model – win-win approach</li> <li>-Positive WOM</li> <li>-First-Mover Portugal (capture primary demand)</li> <li>-Building Brand Community</li> <li>-Possibility to go viral due to social networks</li> <li>-Being incubated in UPTEC can provide a valuable network and mentoring</li> <li>-Rapidly expansion to other markets (business model scalable)</li> </ul>	<ul style="list-style-type: none"> <li>-Risks in building a new category (educating clients and lower costs of entry)</li> <li>-Uncertainty avoidance and online business distrust by the consumers</li> <li>-Traditional manual scheduling is an hard mindset to change</li> <li>-Possibility of entry from “big shark” companies</li> <li>-Fast technologic evolution is hard to catch-up</li> <li>-Not being able to patent the online service</li> </ul>

**Table 2: Beauti's Swot analysis. Own Elaboration**

## **6. Results and Discussion**

This section incorporates the results put into practice to develop Beauti's brand and therefore represent the answer to the three research questions asked. It starts with the results concerning brand management in Beauti and is followed by the characterization of Beauti's Portugal brand identity. Lastly, and of most importance, the development of the Customer Brand Engagement framework is presented.

### **6.1. Beauti's Brand Management**

The aim of this section is to present the results about how Beauti's brand is being managed. This section will answer the first research question "*How is Beauti Portugal brand being managed?*" Informal interviews and direct observation of the company's activities were the support to the results here discussed. Most of the results are due to the operational activities that the company developed so far, and their connection to the importance of brand management in small-medium enterprises.

The first thing to note is that both Krake's (2005) and Wong and Merrilees' (2005) findings are present in Beauti's brand management: Most of the time is spent improving product features and in developing commercial activities. In the case of Beauti, it is recognized that the brand is highly important but it is only seen as complement of a good product. The brand communicates an identity and helps the business to thrive but the product is still the center of the business idea, corroborating Krake's (2005) and Ojasalo's *et.al.*, (2008) research.

The main challenge found is the lack of promotional resources to increase brand awareness. It is the standardized idea among Beauti's workers that creating effective messages to directly communicate and inform the target presents the most difficult marketing communication strategy to implement. This finding complies with Krake's (2005) and Wong and Merilees' (2005) studies. The most directly and effective way to show Beauti's value propositions is by virtue of personal selling or face-to-face, but on the other hand, is also the most expensive one.

Additionally, Beauti's vision regarding branding is simple. Their strategy is to be a reference in online business in Portugal. Therefore, Beauti's efforts are channeled towards online branding activities. Internet advertising (Google AdWords, Facebook

ads, SEO marketing affiliate programs and email marketing) is the highest target form of advertising for Beauti. As concluded by Bresciani and Eppler (2010) digital branding can be a potentially very powerful tool for business with low budget. Nevertheless, there are a few offline campaigns that Beauti organized such as the “launch event” and the annually “Beauti Awards”. This is also supported by the literature, namely Keller (2003), Ojasalo et.al.,(2008) and Bresciani and Eppler (2010) who defend that new ventures should, in contrast with large organizations, develop more creative, innovative and unconventional branding activities, for instance to organize events and to develop online branding activities.

In terms of brand building within software SMEs, it is impressive to acknowledge that the five large themes emerged from Ojasalo’s *et.al.*, (2008) empirical study also apply to Beauti Portugal. Brand building has a minor role in the overall product development activity, competitive strength in the marketplace is mostly based on a superior knowledge of IT and the customer, brand building is less important than technologic development, they have cooperative relationships with customers and partners and lastly, due to the dynamics of the operational environment and the flexibility related to the changing technology and customer needs, the content of the brand should not be too detailed and the brand must be flexible (See Section 2.1.4.). This implies that Beauti is managing its brand very similarly to many other software SMEs.

In this sense, it was possible to identify three facts diverging from the literature: (i) Emphasizing external communication disregarding the organization’s internal communication, (ii) the importance of the entrepreneur and (iii) the absence of co-branding.

The internal communication at Beauti is undervalued and subdued to the external communication (i). The brand’s values, beliefs and identity are not fully engrained in the all members of the staff. Despite the desire of wanting Beauti to succeed, and the general agreement concerning Beauti’s marketing activities, the answers about Beauti’s brand values and identity were slightly different from collaborator to collaborator and each member have its own awareness and perception of the brand.

The entrepreneur, according to Krake (2005), Wong and Merrilees (2005) and Bresciani and Eppler (2010), is sometimes the brand because it influences the passion, logic and the personification of the brand. However, this does not exactly apply to Beauti (ii). The

company's brand emerged essentially from the product, and its construction is a system of trial and error in which every staff member contributes with ideas and formulates its own associations. This process makes it hard to understand what the brand clearly stands for.

Co-branding and partnerships, not only are present in Beauti, but also are of extreme importance to the company's business model (iii). The partnerships with some recognized magazines from the sector and with Expocósmetica (which hosted the "Beauti Awards" event) contradict Keller (2005) and Ojasalo *et.al.*, (2008).

Summarizing the results above presented, it is possible to ascertain that Beauti Portugal brand is managed following Wong and Merrilees' (2005) *Embryonic Brand Orientation* from their branding-archetype ladder model (See Section 2.1.2). Existence of awareness from Beauti of competitive advantage and positioning but the brand seems to be more an implicit, optional part of what they do business, and not necessarily critical for business success.

## 6.2. Beauti Portugal Brand Identity

As previously stated, the implementation of a brand identity for Beauti Portugal will follow the one designed by Aaker and Joachimsthaler (2007). This approach acknowledges the importance of the commercial strategy of a firm (Beauti is now starting to commercialize their offerings), considers the strategic views for future company's activities and explores a particular emphasis in customer-brand relationships. This identity is the answer to the research question of "*How to develop an identity for a new brand?*". Hereupon, Beauti's Brand Identity is shown below:

### Brand Essence:

*Accessibility* - Beauti is all about accessibility. To both clients and users, the brand delivers value through the service provider's directory, the beauty and wellness contents, trends and tips, and through the management system that helps professionals performing their tasks. All this can be accessed at a distance of a click.

### Core Identity:

- *Innovation*
  - Beauti's philosophy regarding innovation is simple: be the first introducing online booking in the beauty and wellness sector and to be a reference in the online business in Portugal, forcing the limits of digital technology. The agenda provided to clients comes to revolutionize and simplify how professionals in this industry manage their business.
- *Trendy*
  - Being always up-to-date, defining, analyzing, acknowledging and sharing fashion and healthy lifestyle trends is part of Beauti's core identity. The editorial and community part of the platform with the newest trends alongside with the bloggers, foster a conversation about what's going on in the world. Moreover, the team composed by young and "trendy mindset" and the actual website design constitute other evidences of Beauti's will to be always a step forward in what beauty and wellness industry is concerned.

- *Reliability*
  - Beauti can be easily reached because it cares about its clients and users. The system is safe, the data is protected and the functionalities rarely present malfunctions or “bugs” in the system. There is no possibility for fake accounts or distrust in Beauti’s system; partners or clients as the information is sacredly treated, managed and stored without revealing it publicly. Furthermore, Beauti wants to create relationships with their clients and to build a brand community based on emotional relationships with users, so, confidence is the basis for every relationship.
- *Personality*
  - Beauti has strong personality that will help the brand to be stronger and make the process of creating brand associations easier. Its personality is part of the core identity as it will help the communication process and it’s a plus in helping customers and users absorb the values, beliefs and what it stands for. If Beauti was a person it would be perceived as:
    - **Funny** – Beauti has a sense of humor that makes easier to create empathy and inspire confidence in their users
    - **Alternative** – Even though that anyone can access Beauti, it has its own style and an individual view about the world of fashion and wellness
    - **Trendy** – Beauti is always aware of the latest trends, tips and news of the fashion and wellness industry
    - **Imaginative and Disruptive** – Dreams can come true and there’s no impossible in Beauti’s point of view
    - **Self-confident** – Beauti trusts its own abilities, qualities and judgment.

## **Extended Identity:**

- *Utility*
  - Beauti is useful for everybody and its features were thought to save time for its users and professionals. “Time is money” so beauty simplifies something that can be often lengthy and dull, the process of booking. It also takes account the people that are most prone to forget by making it available anytime.
- *Beauti’s Symbols*
  - Beauti’s symbols are a good representation of what the brand has to offer. The rounded and trendy logo with the different color dot is a promise of a forefront product and it’s easily memorable (for association purposes). The colors, Light Blue, Black, and White are part of the identity, since, especially the light blue, is all over the website, text messages, the agenda for professionals and offices, which indicates some of the brand values such as reliability, innovation and trendiness. Additionally, the website is designed so that associations are done to more than just a simple software product. Images related to the fashion and wellness industry, as well as regular updates to increase customer experience (for instance, “snow” was falling on the webpage during the Christmas season) are symbols important to the extended identity of Beauti
- *Inspiration*
  - Beauti is a source of inspiration for everybody who would like to be up-to-date about the newest trends in the fashion and wellness industry. Being regarded as a stylish reference to inspire beauty and wellness to its users its part of the brand’s ID card.
- *Lifestyle*
  - More than just a product, the belief that Beauti is a lifestyle. The efforts and benefits of being on the vanguard of the fashion trends and to live accordingly to what is best recommended to physical and mental fitness is a determinant factor for improving happiness and quality of life.



## **Value Proposition:**

- *Functional Benefits:* Simple, time saving and always available
  - Beauti aims at simplify the life to those who regularly, or not, book beauty or wellness services. It is easy and always at a distance of a click. Moreover, even the most sensible customers who forget appointments will be reminded automatically through text messages to their mobile phones or through email. Online booking is available 24h/ 7 days a week.
- *Emotional Benefits:* Sense of Belonging
  - The users of this platform will be emotionally attached to a community of people who share the same physical and mental fitness beliefs. They belong to the innovators group and are reference to society in what beauty and wellness is concerned.
- *Self-Expressive Benefits:* “I’m trendy, fashion and up-to-date”
  - Additionally, the users regard themselves as the forefront of beauty and wellness trends, always aware of “what’s going on in the world”. Also, they feel comfortable with their style and their looks.

## **Relationships:**

- *Clients and Users are part of an exclusive community of beauty and healthy people*
  - Within this community, which is exclusive but at the same time everybody is welcome, friendship, mentoring, sense of humor and looking good define the relationships among each other.

### 6.3. Customer Brand Engagement Framework

The literature review suggests that this is possible the first framework embracing several theories and studies from multiple researchers and allowing its operationalization for management purposes. It identifies several opportunities for SMEs company managers, suggesting practices for effective social media handling and for those interested in enhancing brand engagement through social media.

This framework was built with the intent of providing tools for better managing customer brand engagement in social media, being particularly focused on Beuti Portugal. Consequently, it supplies the answer to the third research question: “*how can Beuti.pt best manage and increase customer brand engagement?*”, and can also be generalized to other SMEs new ventures. Moreover, it provides some understanding of customer brand engagement evidenced through social media, which, according to Wallace *et al.*, (2014) continues to present challenges.

It is constructed based on literature extensions and adaptations, namely Muntinga *et.al.*(2011), Wallace *et. al.* (2014), Cvijikj and Michahelles (2013) and Park and Kim (2014). Thus, they are integrated in the framework especially because of the definitions and concepts created.

It can be segmented in five different but sequential parts in order to make the explanation more clear and understandable: The **target** category (i), the **action plan** guidelines (ii), the **outcomes** of the action plan (iii), the **consequences** of the framework (iv) and the **metrics** of evaluation (v). The first three are directly related and influenced by one another. The target constitutes the basis for the action plans which in turn influences the outcomes. The consequences of the framework concern the use of the framework as a whole and the metrics of evaluation are some guidelines to assess the performance of this model.

The specificities and the functionality of this model are hereinafter explained.

### 6.3.1. The Target Categories

The target categories are an adaptation of Muntinga's *et.al.*,(2011) behavioral construct that provides a unifying framework to think about consumer activity related to branded content on social media platforms. The purpose of these target categories is to acquire consuming targets and then manage them, ultimately leading them to be contributors and to provide insights to the action plan's guidelines.

COBRAs were categorized by Muntinga *et.al.*,(2011) into three dimensions that correspond to a path of gradual involvement with brand-related content on social media, namely consuming, contributing and creating. This framework acknowledges the same terms (consuming, contributing and creating) as well as the different motivations influencing the participation of the consumers on social media platforms (information, remuneration, entertainment, personal identity, social interaction and empowerment).

Therefore, like in Muntinga's *et.al.*(2011) COBRA type, the *consuming* category represents a minimum level of online brand-related activeness. It denotes participating without actively contributing to or creating content. It is limited by those who consume, watch the brand-related videos, "like" a picture, a comment, a post or a brand page in social media, view the product ratings and reviews that others post and the dialogues between members of brand pages in different social media platforms. The act of engaging in this consuming type is motivated by, according to Muntinga's *et.al.*,(2011), information, remuneration and entertainment.

The *contributing* category of this framework, similar to Muntinga's *et.al.*,(2011), is the middle level of online brand-related activeness. It denotes both user-to-content and user-to-user interactions about brands. People who contribute to brand-related content conversation on a social networking site, making comments on posts, videos, pictures and tagging acquaintances on brand-related content others have created. Those costumers that engage by actively contributing to brand-related content are motivated by entertainment, personal identification with the brand and social interaction with other fellow engaged customers.

The *creating* category also follows Muntinga's *et.al.*,(2011) COBRA type. It represents the ultimate level of online brand-related activeness. It denotes actively producing and publishing the brand-related content that others consume and contribute to. Consumers

that create/write brand-related posts, product reviews, produce and upload branded videos, music and pictures, or write articles on brands. They directly ask for comments, “likes” or tag different people to enter the conversation acting like some sort of influencers or brand ambassadors, even though that they are only customers with no direct relation with the company. These customers are usually motivated to engage by integration and social interaction, personal identification with the brand, entertainment and also empowerment.

### **6.3.2. The Action Plan Guidelines**

The action plans are the guidelines that companies, like the object brand of this work, may use to better manage the engagement between the customer and the brand. The customers lying on different stages of the online brand-related activeness need to be approached differently, since their motivations and their actions are different from the others. At least six distinct action plans can be designed and implemented according to the target engaged customer and the desired outcomes. The specificities of the social media platforms indicate that three main aspects are essential to perform a better action plan: The social media *channel*, the type of *content* and the *posting time/date*.

*The channel* to be used in any action plan must follow a careful attention since different social media are used with different purposes and objectives. For instance, Facebook and LinkedIn differ in their substance, so the way to achieve engaged customers, even if we are talking about the same brand, has to be distinct. Sometimes, they should not even be related in order to not jeopardize the target or negative influence their desired outcomes. Additionally, Instagram is great for products, pictures of staff and developments within the business (Bendror, 2013) whereas LinkedIn is much more focused business participation than many social networks and is a great place to network and do research on specific organizations and opportunities (Jantsch, 2009), meaning that the action plan for these two social media channels must be different.

With respect to the type of *content*, as mentioned before, should be valuable and engaging enough for customers that they're motivated to share it with their peers, ultimately helping to spread the marketing message and build brand awareness (Kirsten, 2012). The content is a fundamental tool to engage customers and provides a method to

enrich interactions with customers at every single stage of their buying journey (Roberts, 2014), connecting with the different targets of this framework (consuming, creating, contributing).

Since it is recognized by researchers and practitioners as one of the most important drivers for customer brand engagement, the type of content that companies ultimately deliver on their action plan must be accurate with the channel to be used and, of course, with the objectives and social media strategy to be followed. Entertainment was found to be the most influential type of content (Muntinga *et.al.*, 2011; Gummerus *et al*, 2012; Cvijikj and Michahelles, 2013; Stelnzer, 2014) and although not applicable in every single case, it's a powerful insight in order to create more engagement within the particular targets.

Cvijikj and Michahelles's, (2013) study on Facebook found that posts created on workdays increase the level of comments, while posting in peak activity hours will reduce the level of engagement through liking and sharing. Their findings will lead us to the last aspect to be analyzed in these Action Plans: the *posting time/date*. Therefore, this aspect of the action plan is directly related with the social media *channel* and the type *content* since different channels have different peaks in audience. The type of content is more likely to be read in some hours/days than in others so the timing acquires great importance.

### **6.3.3. The Outcomes of the Action Plan**

The outcomes are the expected results of every action plan in the different target category stages. They can be divided in two groups of outcomes: the *inner self* outcomes and the *ideal self* outcomes.

Wallace *et al.*, (2014), as mentioned before, advocates that a "real" brand relationship, is when the consumer has a genuine attachment to the brand because it reflects themselves. Consequently, *Inner self* outcomes are the result of action plans that appeal to the consumers' actual selves (Ahuvia, 2005).

In the case of action plans expressing the inner self, consumers will experience brand love and offer positive WOM as found in Wallace's *et. al.*, (2014) research. Ultimately,

these inner self outcomes will lead to more sales, higher loyalty and facility in acquiring new customers, as Tsimonis and Dimitriadis (2014) suggest.

On the contrary, the case of the *ideal self* outcomes are the ones expressing a self that is not supported in consumers' material world, an "ideal self" (Schau and Gilly, 2003).

*Ideal self* outcomes will induce consumers to experience brand love and accept wrongdoing, arguably because the brand is not internalized and does not really resonate with the self (Wallace *et al.*, 2014).

These ideal self outcomes will subsequently provide lock-in strategies and higher switching-cost towards other brand, as proposed by Tsimonis and Dimitriadis (2014).

#### **6.3.4. The Consequences of the Framework**

The consequences of the framework are the broadly benefits extracted from using this framework. It differs from the outcomes because those are a reflection of every action plan implemented individually and these consequences are driven by the usage of the framework as a whole.

If the social networks are an important channel for customer brand engagement (and can actually be a source of more costumer engagement) it is intuitive to expect that it will have an influence on the consumer's relationship with the brand's social network. Besides, the brand social network relationship will influence the overall brand relationship quality, which, consequently, will increase WOM (positive or negative), the willingness to pay a premium price and, of course, brand usage (similar to Park and Kim (2014) and Hollebeek *et al.*, (2014)).

### 6.3.5. The Metrics of Evaluation

The metrics are the last component of this CBE framework. They are fundamental since they help measuring the performance of this model and also the levels of customer brand engagement in social media. The metrics designed here, are an adaptation of Cvijikj and Michahelles's (2013) to measure online engagement on Facebook. As previously stated o this dissertation, the authors created the following measures:

$$\text{FeedbackRate} = \frac{\#Likes + \#Comments}{\#Impressions}$$

$$\text{LikesRate} = \frac{\#Likes}{\#Fans \text{ on the day of posting}}$$

$$\text{CommentsRate} = \frac{\#Comments}{\#Fans \text{ on the day of posting}}$$

$$\text{ShareRate} = \frac{\#Shares}{\#Fans \text{ on the day of posting}}$$

$$\text{Interaction Duration} = \text{Time of last Interaction} - \text{Time of post creation}$$

Two of them will be exactly the same (the first and the last one), the other three (LikesRate, CommentsRate and ShareRate) will be adapted to measure the number of likes, comments and shares, compared to the totality of likes in the brand page. The UserGeneratedContentRate and the ReferralRate are two distinct metrics, newly created (to the best of this author's knowledge) to accurately measure the performance of this framework. The metrics of evaluation of this CBE framework's performance are exposed below:

$$\text{FeedbackRate} = \frac{\#Likes + \#Comments}{\#Impressions}$$

$$\text{LikesRate} = \frac{\# \text{ Post Likes}}{\#Likes \text{ Brand Page}}$$

$$\text{CommentsRate} = \frac{\# \text{ Post Comments}}{\#Likes \text{ Brand Page}}$$

$$\text{ShareRate} = \frac{\#Post\ Shares}{\#Likes\ Brand\ Page}$$

$$\text{UserGeneratedContentRate} = \frac{\#Videos, Photos\ and\ Articles\ Posted\ by\ Consumers}{\#Total\ Brand\ Posts}$$

$$\text{ReferralRate} = \frac{\#Brand\ Referrals\ by\ Customers}{\#Likes\ Brand\ Page}$$

$$\text{Interaction Duration} = \text{Time of last Interaction} - \text{Time of post creation}$$

This way is possible to evaluate every action plan for the distinct targets, the outcomes and the consequences, as well as customer engagement in general. Additionally, there is another basic metric that will make the bridge between customer brand engagement and overall brand management, named brand usage. Brand usage is an adaptation of the definition of brand usage intent by Park and Kim (2014), which reflects the use of that specific brand opposed to a competitive one although not using the “intent” but instead actual numbers of brand users.

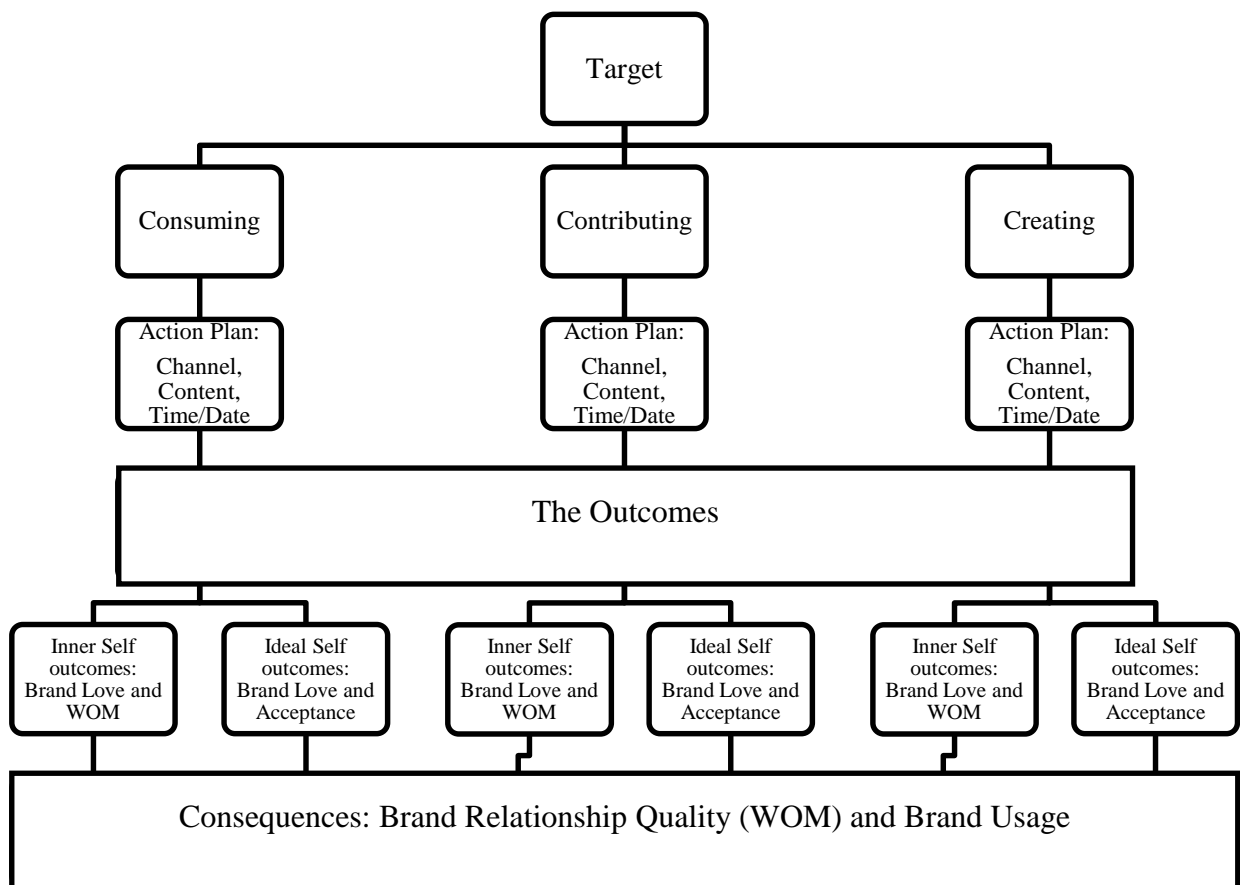


Figure 2: CBE Framework. Own Elaboration



## **7. Conclusions**

Here it is possible to verify the conclusions and limitations of the project. This is the final section of this dissertation.

### **7.1. Conclusion**

The aim of this project was to capture the creation of an identity for a new brand and to create a framework for better manage customer brand engagement in social media. It is the first study, to the best of this author's knowledge, to create a framework which allows managers better handling their social media strategy regarding engagement. This study offers suggestions for managers seeking to enhance brand engagement through social media, embracing all channels and suggesting practices for effective social media management. The object of study on this dissertation is Beauti Portugal. Beauti is a Small-Medium Enterprise (SME) technologic software product provider that is currently in the first steps of building its own brand.

Besides, it also presents some theoretical implications. This study contributes to the lack of studies regarding brand management in SMEs, found by Krake (2005), Wong and Merrilees (2005) and Merrilees (2007), and more particularly, it addresses Ojasalo's *et al.* (2008) gap regarding the few existing literature about brand management in software SMEs. Moreover, it provides some understanding of customer brand engagement evidenced through social media, which, according to Wallace *et al.*, (2014) continues to present challenges.

This project was divided in three distinct but complementary parts which constitutes the basis for answering the three research questions proposed. All the three questions were answered using different methods but inserted in the category of a case study.

In this study, as previously mentioned, data is collected from Beauti's internal documents (reports, agendas and meetings), archival documents (online databases), informal interviews (by email) with different levels of staff and direct participation and observation. The key information and sources are the founder and managing partner and two co-founders, one software developer and one marketing manager. They weren't aware of which ones answer by the time they were interviewed.

The results regarding the brand management in Beauti were consonant with most of the literature discoveries with few exceptions. The company is highly focused on selling, the brand adapts to product development and technology is seen more important than brand development. There is, as well, a concern on keeping the brand flexible enough for future changes. However, three interesting facts diverge from the literature findings: Emphasizing external communication disregarding the organization's internal communication, the importance of the entrepreneur and the absence of co-branding. It can be concluded that Beauti brand management corresponds to the *Embryonic Brand Orientation* from Wong and Merilees (2005). Exists awareness of competitive advantage and positioning but the brand seems to be more an implicit, optional part of what they do business, and not necessarily critical for business success.

With respect to the brand identity, after reviewing the classic marketing scholars such as Aaker (1996), Kapferer (2008) and de Chernatony (2010), the Brand Leadership Model proposed by Aaker and Joachimsthaler (2007) was followed. Due to the commercial efforts and concerns by Beauti Portugal, this model seems to be the most appropriate to apply.

Additionally, a customer brand engagement framework was built with the intent of providing tools for better managing customer brand engagement in social media. The literature reviewed suggests that this is possible the first framework embracing several theories and studies from multiple researchers. It was constructed based on literature extensions and adaptations, namely Muntinga *et.al.*(2011), Wallace *et. al.* (2014), Cvijikj and Michahelles (2013) and Park and Kim(2014). Thus, they are integrated in the framework especially because of the definitions and concepts created. It can be segmented in five different but sequential parts: The target category (i), the action plan guidelines (ii), the outcomes of the action plans (iii), the consequences of the framework (iv) and the metrics of evaluation (v). The first three are directly related and influenced by one another. The target constitutes the basis for the action plans which in turn influences the outcomes. The consequences of the framework concern the use of the framework as a whole and the metrics of evaluation are some guidelines to assess the performance of this model.

## **7.2. Limitations of the Project and Further Investigation**

This project possesses some limitations like any other case study. Even though that can be applicable to other SMEs in the first steps of building its own brand, the conclusions are a bit exclusive for Beauti Portugal.

The constant changing environment and the upgrades on the company business model may jeopardize the validity of this project in the near future, since the conclusions today presented may be already outdated. The fact that the investigator is participant in some of the decisions taken by the company (regarding its brand) may induce some biased findings and conclusions.

Another relevant limitation concerns the brand identity model applied to Beauti. Some of its characterization depends on Beauti's efforts and achievements in building a brand community which was not a focus of this study.

The customer brand engagement framework also embraces some limitations. Being new and untested, it requires validity and possibly some alterations. It is recognized that only its utilization and evaluation will indicate the pertinence and the applicability of the framework to real business cases.

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